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OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 AVENUE OF THE PALMS
BUILDING 1, 2ND FLOOR
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0860
FAX (415) 274-0299

NOTICE

198
ca/2d
The meeting of the Treasure Island Development Authority scheduled
for April 1, 1998 has been cancelled.

DOCUMENTS DEPT.

MAR 26 1998

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Full attachments available at the Government Information Center Desk!!!

Ask for black binder (next to white agenda binders) : Labeled TREASURE ISLAND DEVELOPMENT

AUTHORITY MEETING BINDER 4/15/98.

AGENDA

TREASURE ISLAND DEVELOPMENT AUTHORITY

CITY AND COUNTY OF SAN FRANCISCO

Ferry Building, Suite 3100
San Francisco, California

For copy list posted 4/9/98
DOCUMENTS DEPT.

APR 10 1998
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WEDNESDAY, APRIL 15, 1998 1 PM
REGULAR MEETING

Willie L. Brown, Jr., Mayor

DIRECTORS

Dale Carlson, Chairperson
John Elberling, Vice-Chairperson
Gerald Green
James Morales
Doug Wong

Annmarie Conroy
Director
Mayor's Office Treasure Island Project

Treasure Island Development Authority

Ferry Building, Suite 3100

April 15, 1998 – 1:00 PM

ORDER OF BUSINESS

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Ongoing Business by Directors
6. Introduction of New Business by members
7. Report of the Treasure Island Project Director Annemarie Conroy
 - Report on the access policy for Treasure Island
 - Status of environmental clean up
 - Report on short term leases
8. Report of the Financial Manager
 - Presentation on the proposed budget of the Mayor's Treasure Island Project
9. Resolution approving Memorandum of Agreement with the John Stewart Company to manage housing on Treasure and Yerba Buena Islands. (*Action item*)
10. Resolution approving leases with the Navy for certain housing on Yerba Buena Island and the Treasure Island Marina. (*Action item*)
11. Resolution authorizing the Treasure Island Project office to procure Directors and Officers liability insurance and requesting the Board of Supervisors extend its self-insurance coverage to the activities of the Treasure Island Development Authority. (*Action item*)
12. Resolution regarding acceptance of gifts to the Treasure Island Development Authority. (*Action item*)
13. Public Comment
14. Adjourn

TREASURE ISLAND DEVELOPMENT AUTHORITY

Disability Access

The Treasure Island Development Authority will meet at the Port Commission office, located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission office.

For American Sign Language interpreters or use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact the Authority at (415) 274-0672 at least 72 hours before a meeting.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance [Chapter 67 of the San Francisco Administrative Code] or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Administrative Code 16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

Treasure Island Development Authority

410 Palm Avenue, Building 1

Treasure Island

San Francisco, CA 94130

Ms. Kate Wingerson

Document Library

Main Library

100 Larkin St.

San Francisco CA 94102

Next meeting: Wednesday, April 15, 1998 at 1pm

A binder of supporting material is available for public viewing at the Mayor's Treasure Island Project office, 410 Palm Avenue, on Treasure Island and at the Government Information Center reference desk, Main Library, Civic Center.

AGENDA

TREASURE ISLAND DEVELOPMENT AUTHORITY

CITY AND COUNTY OF SAN FRANCISCO

Ferry Building, Suite 3100
San Francisco, California

WEDNESDAY, APRIL 15, 1998 1 PM
REGULAR MEETING

Willie L. Brown, Jr., Mayor

DIRECTORS

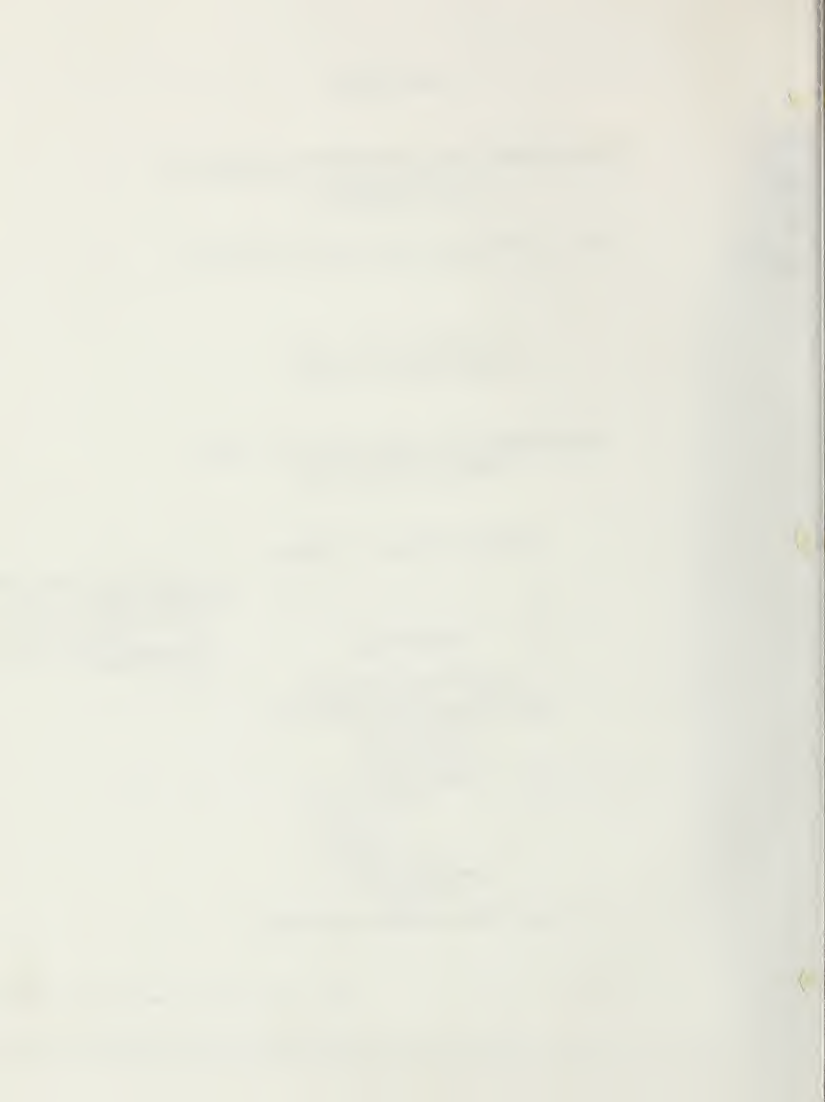
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Treasure Island Development Authority

Ferry Building, Suite 3100

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Treasure Island Development Authority
410 Palm Avenue, Building 1
Treasure Island
San Francisco, CA 94130

meeting: Wednesday, April 15, 1998 at 1pm

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**Treasure Island Development Authority
Minutes of the meeting March 11, 1998**

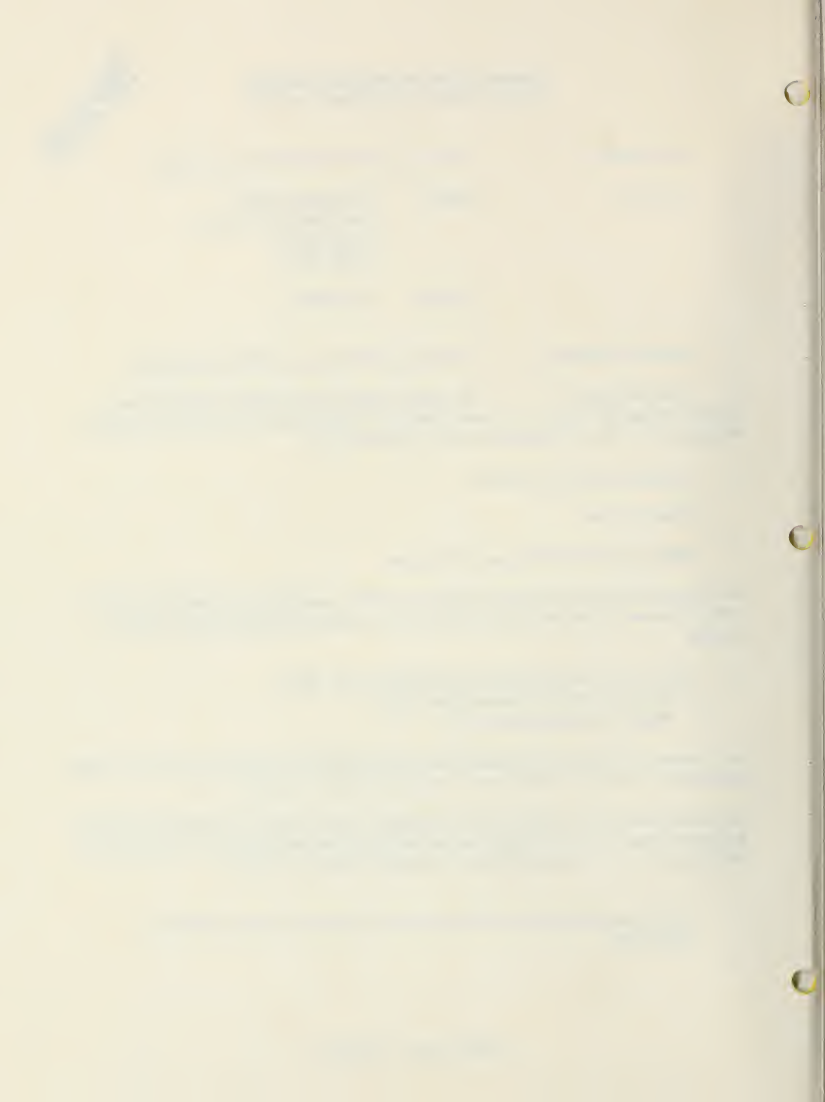
DRAFT

1. Call to Order: 1:10 p.m. in Room 3100 of the Ferry Building
 2. Roll Call: Present: Dale Carlson, Chair
John Elberling, Co-Chair
Doug Wong
Gerald Green

Excused: Jim Morales
 3. Approval of Minutes: The minutes of February 25, 1998 were approved.
 4. Communications: Ms. Mindy Linetzky reported that 5 letters had been received supporting wetlands on Treasure Island and 1 letter had been received inviting TIDA directors to a Job Corps Community Advisory Board meeting.
 5. Ongoing Business by Directors

There was none.
 6. Introduction of New Business by Directors

Mr. Carlson asked that the meeting of March 18, 1998 be cancelled and rescheduled to April 1, 1998. He announced that the Marina proposals will be heard at the regular April 15, 1998 meeting.
 7. Report of the Treasure Island Project Director Larry Florin
 - Financial status of Treasure Island Project
 - Status of environmental clean up
- Mr. Carlson welcomed the new Treasure Island Project Director Annemarie Conroy. Ms. Conroy stated that she would give a full Director's report at the April 1st meeting.
- Mr. Carlson asked about the status of the negotiations with the John Stewart Company and City Attorney Michael Cohen replied that they are putting together the elements of a term sheet and that the process is proceeding within the University Consortium's timeline.
8. Resolution adopting Rules and Procedures for Purchase of Goods and Services.
(Action item)



Mr. Cohen explained that because the Authority was granted state redevelopment agency powers, this purchasing policy is similar to the one in use by the San Francisco Redevelopment Agency. However, the bid preference component is different. The Authority is a new entity with no past history of discrimination, so the policy has a "Disadvantaged Business Enterprise (DBE) Program" as opposed to the Redevelopment Agency's MBE/WBE program.

Mr. Cohen outlined the policy's four categories: 1) small businesses (\$10,000 or less), 2) Competitive bids, 3) Competitive negotiations, and 4) Non-Competitive negotiations. He suggested that the Authority consider contracting with the City's Human Resources Program (HRC) to monitor the DBE program.

Mr. Elberling asked if there is a limit on the size of a Local Business Enterprise (LBE) and Mr. Cohen replied that there is not.

Mr. Elberling asked if to qualify as a LBE, the company would need to have its principal office located in San Francisco. City Attorney Lori Giorgi answered that it is not a requirement. Mr. Elberling asked if staff could ask HRC whether the intent of the LBE is to have a company with any office in San Francisco or their principal office in San Francisco and to report back to the Authority.

Action: Moved by Mr. Elberling, seconded by Mr. Green to adopt Item 8, passed 4-0 (Mr. Morales was absent).

9. Resolution adopting Rules and Procedures for Transfer of Real Property. (*Action item*)

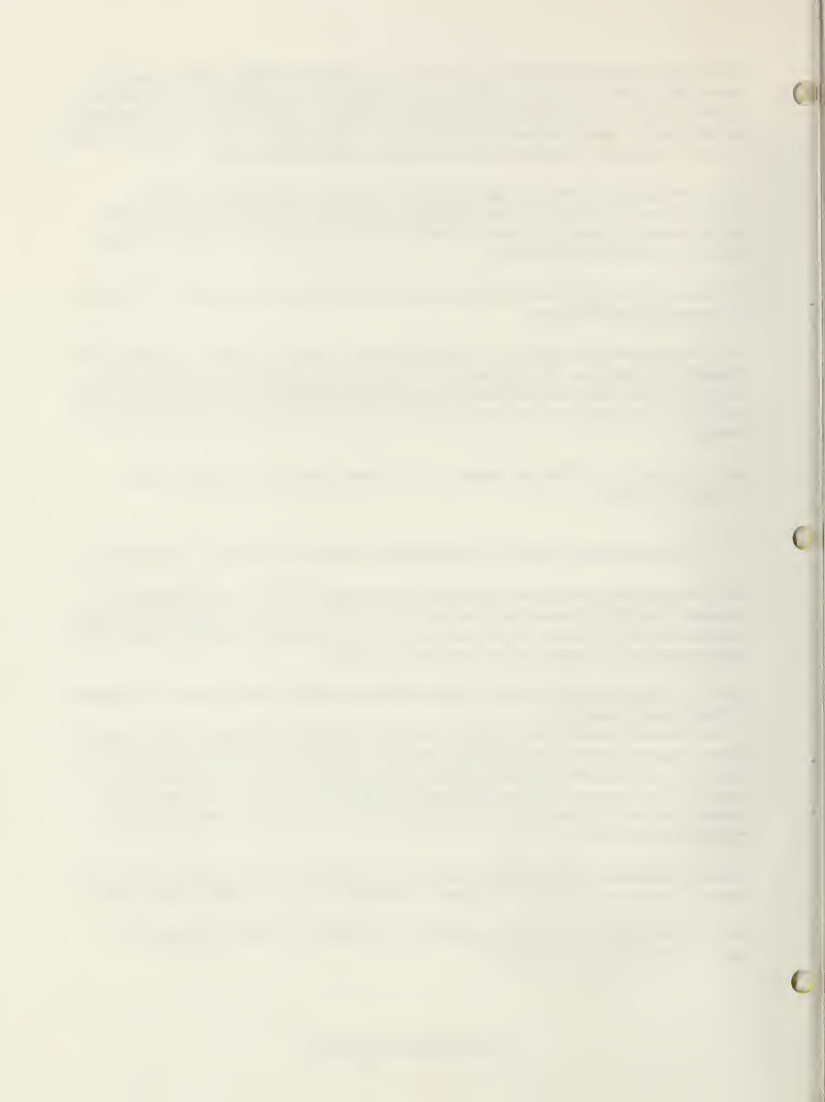
Mr. Cohen explained that this was a policy for the competitive disposition of real property designed to meet the open meeting requirements of the Brown Act. He described the multi-step procedure needed for leasing, the provisions which allow sole source negotiations, and the five categories of leases which are exempt from these processes.

Ms. Conroy asked that the following amendment be added to Rules and Procedures for Transfer of Real Property (Exhibit A):

"Notwithstanding anything else in the transfer policy, the Authority delegates to the Executive Director the authority to enter into month to month or shorter leases or permits without further approval by the Authority, provided such leases shall not extend for a term in excess of 6 months, without approval of the Authority and provided further, the Executive Director shall present to the Authority a written report of all such short term leases executed since the last meeting of the Authority."

Mr. Green asked what would happen if the Authority didn't agree with the lease or permit and wanted to terminate it. Mr. Cohen replied that it could be terminated in 30 days for any reason.

Action: Moved by Mr. Wong, seconded by Mr. Elberling to adopt Item 9 with amendment, passed 4-0 (Mr. Morales was absent).



10. Resolution authorizing the filing of applications for Tax Exempt Status. (*Action item*)

Mr. Cohen explained that this authorizes the Executive Director to file under Section 115 of the Internal Revenue Code and that it will cost the Authority less to prepare the reports under Section 115 than under Section 501(C)3.

Mr. Carlson asked whether the organization will have the same rights under Section 115 as under Section 501(C)3 and Mr. Cohen replied that it will, but will have less filing requirements. Mr. Carlson asked what the filing requirements were and Mr. Cohen explained that there were no special requirements and that regular corporate reports will suffice.

Public comment:

Leonard Berry asking how it would effect conduit financing.

Action: Moved by Mr. Wong, seconded by Mr. Elberling to adopt Item 10, passed 4-0 (Mr. Morales was absent).

11. Resolution authorizing the Treasure Island Project office to reissue the Request for Proposal (RFP) for the Casa de la Vista restaurant and changing the terms of the RFP. (*Action item*)

Mr. Cohen explained that the original Casa RFP had a term of 5 years and that staff thought it would be more attractive to developers with a 15 year term.

Mr. Green asked if the 5 year term was the main bone of contention for the developers. Ms. Christine Tejada explained that she questioned people who initially expressed interest and the lease term was their major concern.

Mr. Carlson asked that the term be change to "up to 15 years" as opposed to "15 years."

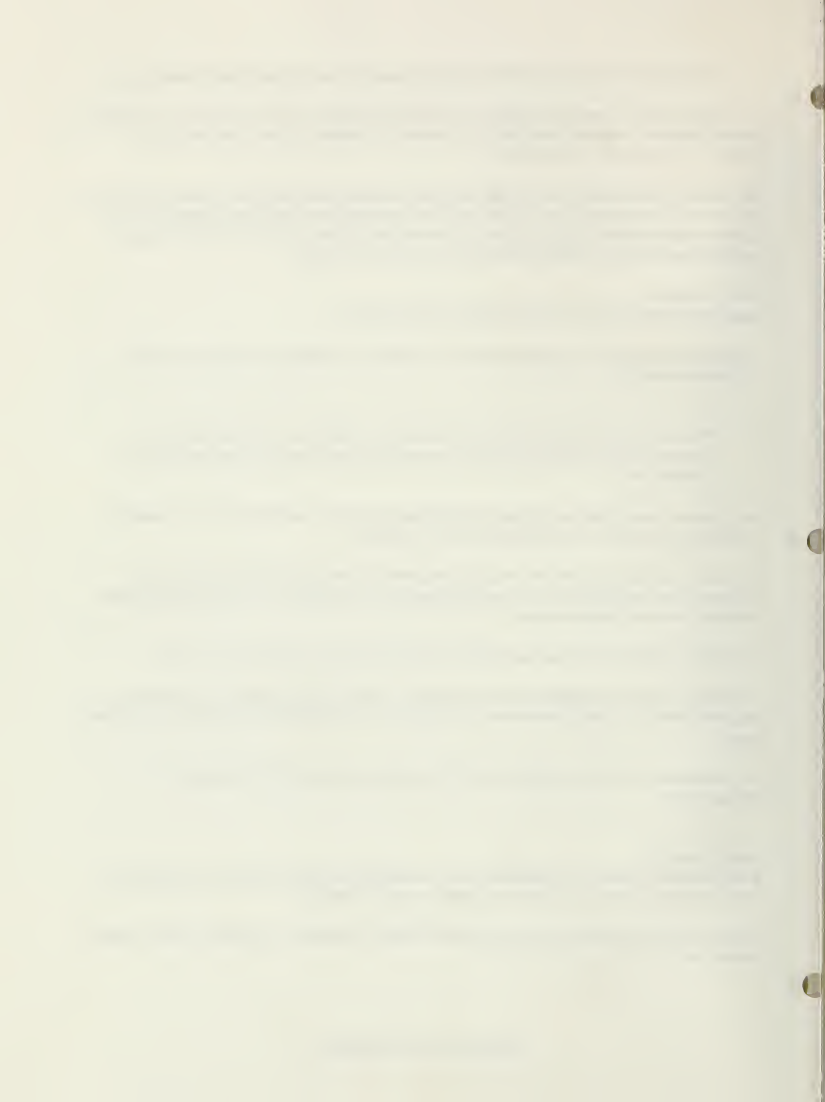
Mr. Carlson asked if we need to include a reference to the TIHDI agreement. Mr. Elberling suggested creating a standard attachment for all RFPs outlining the TIHDI agreements and hiring goals.

Mr. Green asked if we were sending the RFP to a larger group and Ms. Tejada replied affirmatively.

Public comment:

Ruth Gravanis regarding the availability of the meeting binder at the library and noted that no environmentally friendly practices were listed as goals in the RFP.

Action: Moved by Mr. Green, seconded by Mr. Wong to adopt Item 11, passed 4-0 (Mr. Morales was absent).

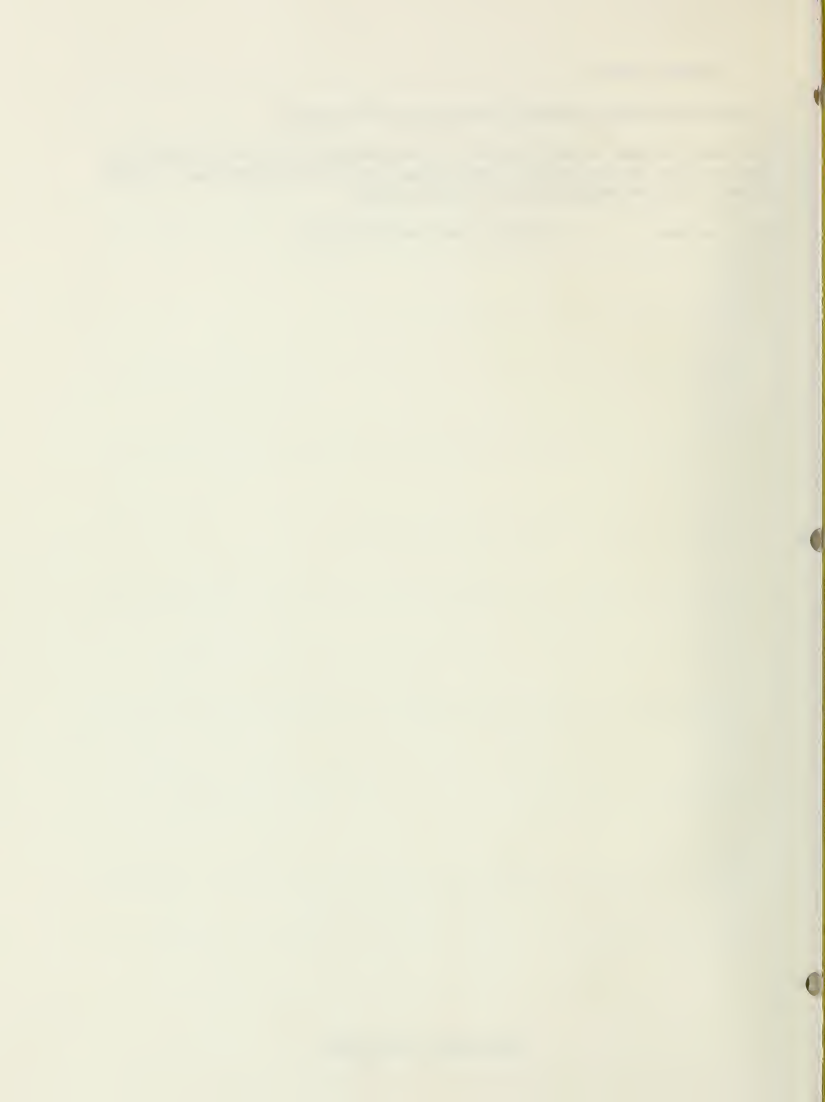


12. Public Comment

Jennifer Cleary regarding the public access policy of Treasure Island.

Ms. Conroy explained the access procedures and said that staff is in the process of formulating an access policy. She suggested that an informational item, followed at a later date by a public safety policy, be calendared for the next Authority meeting.

13. Adjourn The meeting adjourned at 2:30 p.m.







TREASURE ISLAND PROJECT
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TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299

TREASURE ISLAND DEVELOPMENT AUTHORITY
LETTERS RECEIVED FROM MARCH 11, 1998 TO APRIL 8, 1998

RECEIVED FROM

Richard Hansen and John Allman,
Community Restoration Board (RAB)

James Aberer, Commodore
Treasure Island Yacht Club

Janice D. Wheadon, Napa

Thomas Bamberg, Commodore
Petaluma Yacht Club

G. Mitchell Wilk, Commodore
The San Francisco Yacht Club

Thomas A. Rogers, Commodore
South Beach Yacht Club

Ann Arthur, Commodore
Classic Yacht Association

Stephen Adams, Commodore
The Marin Yacht Club

Pamela Krawiec, Commodore
Island Yacht Club

SUMMARY

Regarding TI Community Advisory Board

Regarding Building 183 (previous TI Yacht Club)
(three letters)

Regarding wetlands on Treasure Island

Regarding Treasure Island Yacht Club

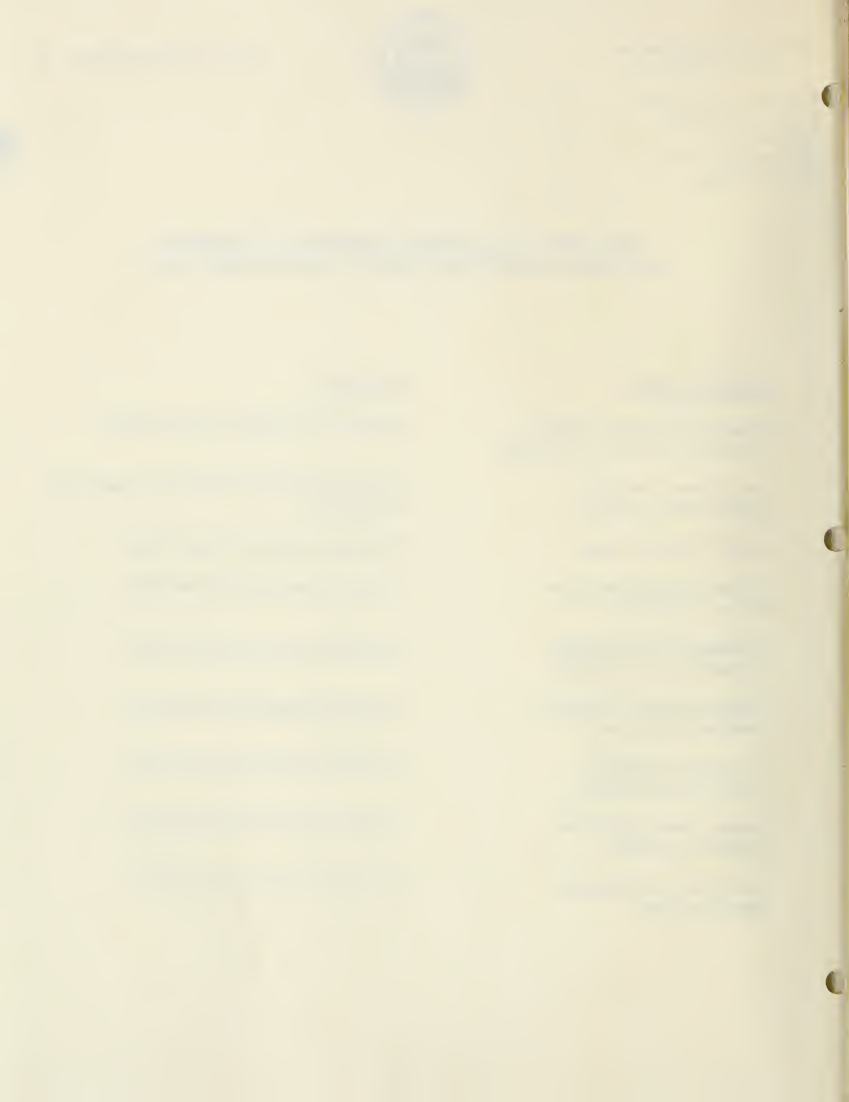
Regarding Treasure Island Yacht Club

Regarding Treasure Island Yacht Club

Regarding Treasure Island Yacht Club

Regarding Treasure Island Yacht Club

Regarding Treasure Island Yacht Club













ITEM 9

INFORMATION ON THIS ITEM WILL BE FORTHCOMING



AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Certain housing and Marina leases

Agenda No. 10

Contact Person/Phone: Michael Cohen (City Attorney) 554-3911

Meeting Date 4-15-97

SUMMARY OF PROPOSED ACTION:

This item calls for the adoption by the Authority of a resolution authorizing the Project Office to enter into leases for the Treasure Island Marina and for certain housing units on Yerba Buena Island.

BACKGROUND AND DESCRIPTION OF PROPOSED ACTION:

The Authority and the Navy have negotiated the terms and conditions of a lease for 15 years for the Treasure Island Marina (the "Marina Lease") and a lease for up to 15 years for certain housing on Yerba Buena Island (the "YBI Housing Lease", and together with the Marina Lease, the "Leases"), substantially in the form of the Leases attached to the Resolution as Exhibits A and B respectively.

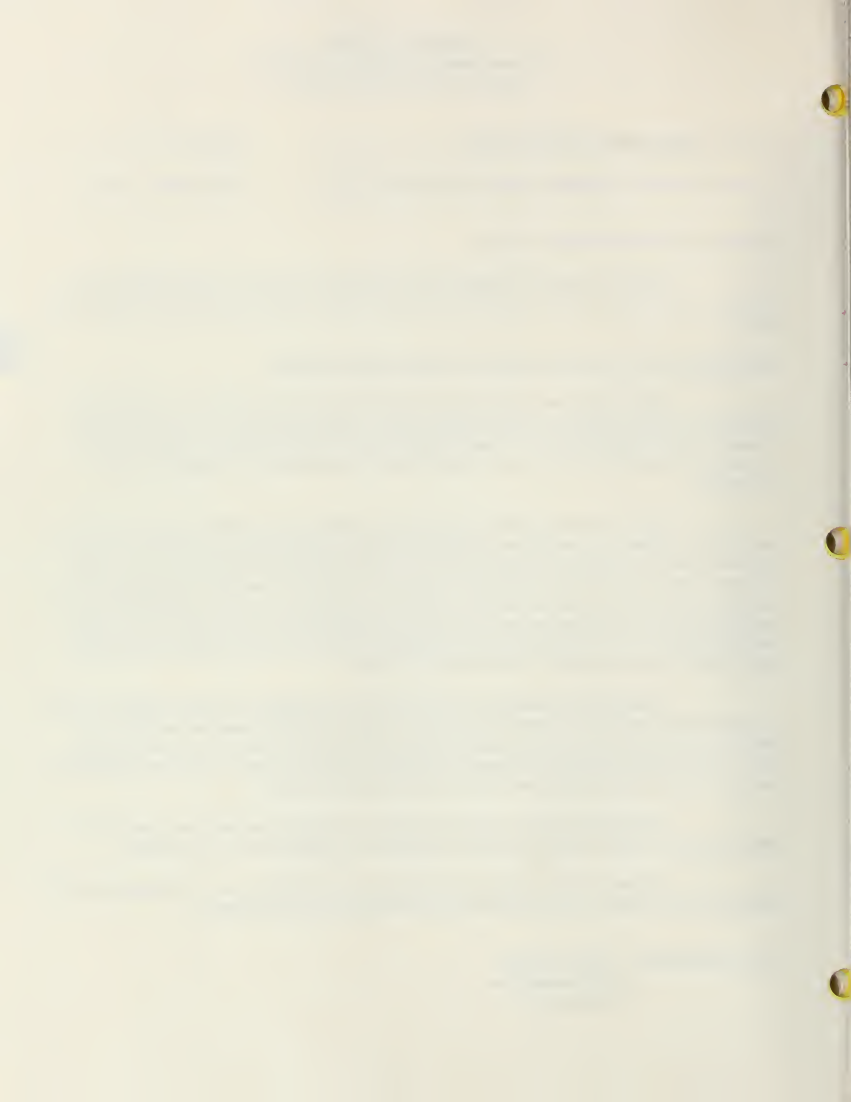
Among other things, the Leases provide that the Authority may lease the premises for terms of up to fifteen (15) years for use as a marina and for residential housing, provided however, that the Leases shall automatically terminate upon a conveyance of the Base to the Authority or the City. Under the Leases, the Authority is not required to pay rent to the Navy, however, as consideration for the lease of the premises to the Authority, the Authority is required to (i) actively market the Base, (ii) provide protection and maintenance services to the premises, and (iii) upon use and occupancy of the premises, pay the Navy a Common Services Charge equal to \$0.050 Cents per square foot of interior space and \$0.03 per square foot of exterior space, per month.

As additional consideration under the Leases, the Authority is required, subject to annual appropriations by the Board of Supervisors, to apply certain net revenues generated from the use or sublease of the Premises for property management services on the Base and for improvements to the Base. If the Board of Supervisors elects not to appropriate such net revenues for property management services or improvements to the Base, the Navy may terminate the Leases.

In connection with the Leases, the Authority indemnifies and holds harmless the Navy from any losses or claims suffered by the Navy arising out of Authority's use of the Premises.

The Board of Supervisors has already approved the Marina Lease. If the term of the YBI Housing Lease exceeds 10 years, Board of Supervisors approval will be required.

ATTACHMENTS: TIDA Resolution
YBI Housing lease
Marina lease



1 [Lease of Treasure Island Marina and Housing on Yerba Buena Island]
2 AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO LEASES WITH THE NAVY
3 FOR THE TREASURE ISLAND MARINA AND CERTAIN HOUSING ON YERBA BUENA
4 ISLAND.

5 WHEREAS, On May 2, 1997, the Board of Supervisors passed
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island
7 Project Office to establish a nonprofit public benefit corporation
8 known as the Treasure Island Development Authority (the "Authority")
9 to act as a single entity focused on the planning, redevelopment,
10 reconstruction, rehabilitation, reuse and conversion of former Naval
11 Station Treasure Island (the "Base") for the public interest,
12 convenience, welfare and common benefit of the inhabitants of the
13 City and County of San Francisco; and,

14 WHEREAS, Under the Treasure Island Conversion Act of 1997,
15 which amended Section 33492.5 of the California Health and Safety
16 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
17 (the "Act"), the California legislature (i) designated the Authority
18 as a redevelopment agency under California redevelopment law with
19 authority over the Base upon approval of the City's Board of
20 Supervisors, and, (ii) with respect to those portions of the Base
21 which are subject to the Tidelands Trust, vested in the Authority the
22 authority to administer the public trust for commerce, navigation and
23 fisheries as to such property; and,

24 WHEREAS, The Tidelands Trust prohibits the sale of trust
25 property into private ownership, generally requires that Tidelands



1 Trust property be accessible to the public and encourages public-
2 oriented uses of trust property that, among other things, attract
3 people to the waterfront, promote public recreation, protect habitat
4 and preserve open space; and,

5 WHEREAS, In order to facilitate productive reuse and job
6 creation on the Base, it may be beneficial for the Authority to lease
7 or license property from the Navy and, in turn, sublease or
8 sublicense such property to third-parties or use such property for
9 municipal purposes; and,

10 WHEREAS, The Authority and the Navy have negotiated the
11 terms and conditions of a lease for 15 years for the Treasure Island
12 Marina (the "Marina Lease") and a lease for up to 15 years for
13 certain housing on Yerba Buena Island (the "YBI Housing Lease", and
14 together with the Marina Lease, the "Leases"), substantially in the
15 form of the Leases attached to this Resolution as Exhibits A and B
16 respectively; and,

17 WHEREAS, Among other things, the Leases provide that the
18 Authority may lease the premises for terms of up to fifteen (15)
19 years for use as a marina and for residential housing, provided
20 however, that the Leases shall automatically terminate upon a
21 conveyance of the Base to the Authority or the City; and,

22 WHEREAS, Under the Leases, the Authority is not required to
23 pay rent to the Navy, however, as consideration for the lease of the
24 premises to the Authority, the Authority is required to (i) actively
25 market the Base, (ii) provide protection and maintenance services to



1 the premises, and (iii) upon use and occupancy of the premises, pay
2 the Navy a Common Services Charge equal to \$0.050 Cents per square
3 foot of interior space and \$0.003 per square foot of interior space,
4 per month; and,

5 WHEREAS, As additional consideration under the Leases, the
6 Authority is required, subject to annual appropriations by the Board
7 of Supervisors, to apply certain net revenues generated from the use
8 or sublease of the Premises for property management services on the
9 Base and for improvements to the Base; and

10 WHEREAS, If the Board of Supervisors elects not to
11 appropriate such net revenues for property management services or
12 improvements to the Base, the Navy may terminate the Leases; and,

13 WHEREAS, In connection with the Leases, the Authority
14 indemnifies and holds harmless the Navy from any losses or claims
15 suffered by the Navy arising out of Authority's use of the Premises;
16 and,

17 WHEREAS, The Board of Supervisors has already approved the
18 Marina Lease; now, therefore, be it

19 RESOLVED, That the Authority hereby approves and authorizes
20 the Executive Director to enter into on behalf of the Authority the
21 Leases; and, be it

22 FURTHER RESOLVED, That the Authority authorizes the
23 Executive Director to enter into modifications to the Leases
24 (including, without limitation, the attachment of exhibits) that are
25 in the best interests of the Authority and the City, do not



1 materially change the terms of the Leases, and are necessary and
2 advisable to effectuate the purpose and intent of this resolution;
3 and, be it.

4 FURTHER RESOLVED, That, if the term of the YBI Housing
5 Lease exceeds 10 years, the Executive Director shall also seek Board
6 of Supervisors approval of the YBI Housing Lease as condition
7 precedent to its execution.

8
9 CERTIFICATE OF SECRETARY

10 I hereby certify that I am the duly elected and acting Secretary of
11 the Treasure Island Development Authority, a California nonprofit public
12 benefit corporation, and that the above Resolution was duly adopted and
13 approved by the Board of Directors of the Authority at a properly noticed
14 meeting on March 18, 1998.

15
16 John Elberling, Secretary
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EXHIBIT A

MARINA LEASE

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LEASE

BETWEEN

THE UNITED STATES OF AMERICA

AND

THE CITY AND COUNTY OF SAN FRANCISCO

FOR

TREASURE ISLAND MARINA

NAVAL STATION TREASURE ISLAND

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8. Alterations
9. Access by Government
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LEASE
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE CITY AND COUNTY OF SAN FRANCISCO

THIS LEASE, made as of this _____ day of _____, 1997, is by and between THE UNITED STATES OF AMERICA, acting by and through the Department of the Navy, herein called "**Government**", and THE CITY AND COUNTY OF SAN FRANCISCO, herein called "**Lessee**";

WITNESSETH:

WHEREAS, Government has declared certain real and personal property, as more particularly described as the Leased Premises in Paragraph 1, surplus at the Naval Station Treasure Island, San Francisco, California, (the "Installation"), and Lessee has identified an immediate need to use such real and personal property; and

WHEREAS, the Secretary of the Navy, pursuant to the provisions of 10 U.S.C. § 2667 (f)(1), has determined that this Lease will facilitate state and local economic adjustment efforts pending final disposition of the Leased Premises; and

WHEREAS, the Secretary of the Navy, pursuant to 10 U.S.C. § 2667 (f)(2) has determined that a public interest will be served as a result of this Lease, the fair market value of the Lease is either unobtainable or not compatible with such public benefit, and consequently, consideration for this Lease will be at less than fair market value; and

WHEREAS, the Secretary of the Navy, after consultation with the Environmental Protection Agency Administrator has determined that the Leased Premises is suitable for lease, and the uses contemplated for the Lease are consistent with protection of human health and the environment; and

WHEREAS, Lessee is recognized by the Secretary of the Defense, through the Office of Economic Adjustment, as the local redevelopment authority with the responsibility for the redevelopment of the Installation; and

WHEREAS, Lessee is a municipal corporation, created and organized under the laws of the State of California, with the power to acquire, lease and dispose of federal military installations, and Lessee desires to enter into this Lease to further reuse efforts at the Installation.

NOW THEREFORE, in consideration of the terms, covenants, and conditions set forth in this Lease, Government and Lessee hereby agree as follows:

1. LEASED PREMISES:

Subject to the terms and conditions of this Lease, Government does hereby lease, rent, and demise to Lessee, and Lessee does hereby hire and rent from Government, the Treasure Island Marina (2,000 linear feet), Pier 2 (350 linear feet), Building 496 (780 square feet), and Building 298 (1,188 square feet) together with all improvements and personal property thereon, all comprising approximately 62,539.922 square feet of land, all the premises as shown on Exhibit A, attached hereto, together with all improvements; and all personal property described in Exhibit B attached hereto, and all rights of ingress and egress to such real property (together, the "Leased Premises").

2. TERM:

The term of this Lease shall be for a period of 15 years beginning on _____ and ending on _____, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination.

3. CONSIDERATION:

3.1 As consideration for this Lease, Lessee agrees to (i) actively market the Installation and attempt to sublease those portions of the Leased Premises which are suitable for subleasing, (ii) provide protection and maintenance to the extent described in Paragraph 12 for those portions of the Leased Premises which are or have been during the term of this Lease used or occupied by Lessee or subleased by Lessee to another and (iii) pay Government the Common Services Charge described in Sections 3.1.2 and 3.1.3 below.

3.1.1 As additional consideration, subject to annual appropriations by Lessee's Board of Supervisor's, Lessee shall apply any Revenue (as defined herein) received from subleasing the Premises as follows: first, to reimburse itself for marketing and property management expenses incurred by Lessee; and second, for expenses incurred by Lessee for improvements to the Installation. If sufficient funds for the purposes described in this Section 3.1.1 are not appropriated for any reason in any fiscal year of the Lease after the fiscal year in

which the Term of this Lease commences, then Government may terminate this Lease, without liability, upon thirty (30) calendar days written notice.

"Revenue" as referred to herein means rental income and any other miscellaneous income derived from the subletting of the Leased Premises less (i) sales tax, use and occupancy tax, franchise tax and any other taxes, building fees, planning fees and inspection fees related to the use and occupancy of the Leased Premises, and (ii) Lessee's cost of operating, maintaining, protecting and repairing the Leased Premises including, without limitation, any Common Services Charges paid to Government pursuant to this Section 3.1.

3.1.2 Lessee shall be responsible for paying the cost of services incurred by Government and provided for the benefit of Lessee and sublessees as described and in the amount set forth in Paragraph 3.1.3 (the "Common Services Charge"). Lessee shall pay Government the Common Services Charge on the first day of each month.

3.1.3 The Common Services Charge will be calculated as follows:

\$0.050 per square foot per month of occupied building space (1) used or occupied by Lessee; (2) subleased by Lessee to another.

\$0.003 per square foot per month of land area (1) used or occupied by Lessee; (2) subleased by Lessee to another.

The Common Services Charge may be revised by Government and Lessee on an annual basis, or at other times only upon mutual agreement of Government and Lessee or as required by Section 3.1.4 below.

"Common Services" for the purpose of the Common Services Charge shall include, but are not limited to: fire fighting; general perimeter security (this does not include security of those portions of Leased Premises which are (1) used or occupied by Lessee, (2) subleased by Lessee to another); causeway operations, maintenance and repair; maintenance and repair of roads, streets, sidewalks, curbs and gutters; operation, maintenance and repair of street lighting, street signals and signage; operation, maintenance and repair of storm sewer; pest control, and general administration of these services. Nothing in this Lease commits Government to continue to provide Common Services referenced herein.

3.1.4 If and to the extent Government reduces, modifies or ceases to provide all or portion of the Common Services described herein or to the extent Lessee assumes the responsibility for such Common Services pursuant to a cooperative agreement or other agreement with Government, the Common

Services Charge shall be proportionately reduced, to an amount mutually agreed upon by Government and Lessee, so that at all times during the term of this Lease the amount of the Common Services Charge shall accurately and in substantially the same proportion as provided herein reflect the costs of Government in providing such Common Services.

3.1.5 If the Government expects to incur any unanticipated costs which are specifically attributable to an action or inaction of the Lessee, its sublessees, or assigns, the Lessee and the Government shall meet and confer on ways to avoid or mitigate such costs and, if the costs can not be entirely avoided, the Lessee and Government shall mutually determine the amount that Lessee shall pay from revenue in addition to the Common Services Charge to defray those costs that cannot be avoided or mitigated. If the Lessee and Government are unable to reach agreement on a way to avoid or mitigate the unanticipated costs or the amount of compensation that the Lessee shall pay to the Government to defray such costs, their dispute shall be resolved in accordance with the provisions of Paragraph 23 of this Lease.

3.2 Consistent with standard accounting practices for tax purposes, Lessee shall keep adequate records and books of account showing the actual cost to it of all items of labor, material, equipment, supplies, services and other items of cost incurred by it directly in the performance of any item of work or service in the nature of marketing and management; the repair, restoration, protection and maintenance of Leased Premises which is required by Paragraph 12; or otherwise approved or directed by Government. Lessee shall provide Government with access to such records and books of account and proper facilities for inspection thereof at all reasonable times.

4. USE OF LEASED PREMISES:

4.1 The Leased Premises may be used and operated by Lessee as a Marina. Lessee understands and acknowledges that this is not and does not constitute a commitment by Government with regard to the ultimate disposal of Leased Premises, in whole or in part, to Lessee or any agency or instrumentality thereof, or to any sublessee. The Lease may be terminated by Government or Lessee as provided by the terms of the Lease pursuant to Paragraph 14, and Lessee and Government agree to and acknowledge such terms.

4.2 Lessee shall not undertake any activity that may affect an identified historic or archeological property, including excavation, construction, alteration or repairs of Leased Premises, without the approval of Government. Buried cultural materials may be present on the Leased Premises. If such materials are encountered, Lessee shall stop work immediately and notify Government.

5. SUBLETTING:

5.1 Lessee shall not sublet the Leased Premises or any interest therein or any property thereon, or grant any interest, privilege or license whatsoever in connection with this Lease without the prior written consent of Government. Such consent shall not be unreasonably withheld or delayed. Each sublease shall contain or incorporate by reference the environmental protection provisions set forth in Paragraph 13 herein. Under no circumstance shall Lessee assign this Lease without Government's prior written consent, except that no consent shall be required in connection with an assignment of this Lease to a successor to Lessee which is the local redevelopment authority for the Installation recognized by the Secretary of Defense, through the Office of Economic Adjustment.

5.2 Any sublease granted by Lessee shall contain a copy of this Lease as an attachment and be subject to all terms and conditions of this Lease and shall terminate immediately upon the expiration or any earlier termination of this Lease, without any liability on the part of Government to Lessee or any sublessee. Under any sublease made, with or without consent, the sublessee shall be deemed to have assumed the obligations of Lessee under this Lease that relate to the portion of the Leased Premises subleased to such sublessee. No sublease shall relieve Lessee of any of its obligations hereunder.

5.3 Lessee shall furnish Government, for its prior written consent, a copy of each sublease it proposes to execute. Such consent may include a requirement that Lessee renegotiate the sublease to conform with the provisions of this Lease. The determination by Government as to the acceptability of a particular sublease shall principally include approval of the sublessee with respect to its proposed uses of the Leased Premises, the capability of the sublessee to perform its obligations under the sublease, and the conformity of the sublease to the provisions of this Lease. Such consent shall not be unreasonably withheld or delayed. Consent to any sublease shall not be taken or construed to diminish or enlarge any of the rights or obligations of either of the parties under this Lease. Should a conflict arise between the provisions of this Lease and a provision of the sublease, the provisions of this Lease shall take precedence. Upon its execution, a copy of the sublease shall immediately be furnished to Government.

5.4 Either party hereto shall, from time to time during the Term, upon not less than twenty (20) calendar days' prior written notice from the other party, execute, acknowledge and deliver to the other party, or such persons or entities designated by such other party, a statement in writing certifying: (a) the commencement date and expiration date of this Lease, (b) that this Lease is

unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), (d) the dates, if any, to which the Common Services Charge and any other consideration required hereunder has been paid.

6. JOINT INSPECTION & INVENTORY REPORT:

6.1 Joint Inspection. Representatives of the Lessee and Government shall conduct a joint inspection of all portions of the Leased Premises to be (1) beneficially used or occupied by the Lessee; (2) assigned by the Lessee to another; or (3) subleased by Lessee to another for any purpose. Such inspections shall be completed before any such use begins and may include a representative of the sublessee if appropriate. Based on the joint inspection, a complete inventory of Government property located on the Leased Premises and a report of the condition of the Leased Premises, including the condition of improvements, appurtenances and personal property thereon, has been prepared and is attached to this Lease as Exhibit C.

6.2 No Warranty by Government. All facilities and property delivered to the Lessee shall be delivered "as is, where is," and, as such, the Government makes no warranty as to such facilities and property either as to their usability generally or as to their fitness for any particular purpose. As provided in Section 12 of this Lease, Lessee shall, at no expense to Government, maintain those portions of the Leased Premises which Lessee uses or subleases, and will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals which shall thereupon become part of the Leased Premises. During the term of this Lease, Government shall have no responsibility, financial or otherwise, except as otherwise described herein with respect to protection and maintenance of the Leased Premises.

6.3 In accordance with 32 CFR §91.7(h), governing the disposition of personal property at closing military bases, Personal Property shall be identified throughout the Installation for use in connection with redevelopment of the Installation. At no expense to Government, and only with Government approval, Personal Property may be relocated from other buildings to the Leased Premises in order to facilitate redevelopment, including exclusive use thereof by the sublessee during the Term of this Lease. Each inventory, upon completion, shall be identified by building or facility number, and signed and dated by both parties to this Lease and attached to this Lease as part of the Joint Inspection Report attached hereto as Exhibit C.

7. ENVIRONMENTAL BASELINE SURVEY AND FINDINGS OF SUITABILITY TO LEASE:

An Environmental Baseline Survey for Lease (EBSL) and a Finding of Suitability to Lease (FOSL) are attached to this Lease as Exhibit D and made part of this Lease. The EBSL sets forth the existing environmental conditions of the Leased Premises as represented by the baseline survey which has been conducted by Government. The FOSL sets forth the basis for the Government's determination that Leased Premises are suitable for leasing. Lessee is hereby made aware of the information contained in the FOSL attached hereto as Exhibit D and shall comply with applicable restrictions set forth therein.

8. ALTERATIONS:

8.1 Lessee shall not construct, make or permit its sublessees to construct or make any substantial alterations, additions, excavations, improvements to, installations upon or otherwise modify or alter the Leased Premises in any way, including those which may adversely affect the remediation of hazardous materials on the Installation (together, "Alterations") without the prior written consent of Government. Such consent may not be unreasonably withheld or delayed, but may involve, where reasonably necessary, a requirement for Lessee or Lessee's contractor to provide the government with a performance and payment bond satisfactory to it in all respects and other requirements deemed reasonably necessary to protect the interests of the Government.

8.2 Upon termination of this Lease, as directed by Government, Lessee shall, at the option of the Government either:

8.2.1 Promptly remove all alterations, additions, betterments and improvements made or installed and restore the Leased Premises to the same or as good condition as existed on the date of entry under this Lease, reasonable wear and tear and acts of God excepted; or

8.2.2 Abandon such additions or alterations in place, at which time title to such alterations, improvements and additions shall vest in Government.

8.2.3 In either event all personal property and trade fixtures of Lessee or any third person may be removed from the Leased Premises and Lessee shall repair any damage to the Leased Premises resulting from such removal.

9. ACCESS BY GOVERNMENT:

In addition to access required under Paragraph 13, at all reasonable times throughout the term of this Lease, Government shall be allowed reasonable access to the Leased Premises for any purpose. Government will give Lessee or any sublessee at least twenty-four (24) hour prior notice of its intention to enter the Leased Premises, unless it determines the entry is immediately required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against Government or any officer, agent, employee, contractor or subcontractor of Government. All keys to the buildings and facilities occupied by Lessee or any sublessee shall be made available to Government upon request.

10. UTILITIES AND SERVICES:

Procurement of utilities (i.e., electricity, water, gas, sewer, telephone and trash removal) will be the responsibility of Lessee. Lessee agrees to obtain needed utility services from any private or municipal supplier who should, during the term of Lease, become able to deliver such services to Leased Premises. In the event that Government shall furnish Lessee with any utilities or services maintained by Government which Lessee may require in connection with its use of Leased Premises, Lessee shall pay Government the cost incurred in providing such utilities or services in the amounts set forth in Exhibit E attached hereto, which rates shall be determined by Government and Lessee in accordance with applicable laws and regulations. Lessee, at no cost to Government, shall install metering devices for utilities serving the Leased Premises prior to its occupancy. The volume of utilities used by Lessee shall be determined by such metering devices. It is expressly agreed and understood that Government in no way warrants the continued availability, maintenance or adequacy of any utilities or services furnished to Lessee.

11. NON-INTERFERENCE WITH GOVERNMENT OPERATIONS:

Lessee shall not conduct operations nor make any alterations that would interfere with or otherwise restrict operations, environmental clean-up or restoration actions by Navy, Environmental Protection Agency (EPA), applicable state equivalent, or their contractors. Environmental clean-up, restoration or testing activities by these parties shall take priority over Lessee's use of Leased Premises in the event of any conflict. However, Government and Lessee agree to coordinate to minimize potential conflicts between necessary remediation of environmental contamination, including investigation and remedial actions, and Lessee's and any sublessee's use of Leased Premises.

12. PROTECTION AND MAINTENANCE SERVICES:

12.1 Except as otherwise specifically provided herein, Lessee shall furnish or cause to be furnished all labor, supervision, materials, supplies and equipment necessary to the operation, maintenance and repair of the following building systems and appurtenances located in or on the Leased Premises: structural (including roof), fencing, plumbing, electrical, heating and cooling systems; exterior utility systems (including fire hydrants and mains); pavement and grounds maintenance (including grass cutting, shrub trimming and tree removal); pest and weed control; security and fire protection within Leased Premises; refuse collection, removal and disposal; and utilities maintenance necessary for the protection of Leased Premises. Government shall not be required to furnish any services or facilities to Lessee or to make any repair or alteration in or to Leased Premises. Lessee hereby assumes the full and sole responsibility for the protection, maintenance and repair of Leased Premises set forth in this paragraph. For specifics as to such protection and maintenance required to be provided by Lessee hereunder, the following provisions shall apply:

12.1.1 The degree of maintenance and repair services to be furnished by Lessee hereunder shall be that which is sufficient to assure weather tightness, structural stability (excluding any seismic retrofit and/or modification to foundations resulting from extraordinary natural occurrences such as earthquakes, floods and landslides), protection from fire hazards or erosion, and elimination of safety and health hazards which arise during the term of the Lease and which are not caused by the actions of Government or its employees, contractors or agents, so that the Leased Premises being serviced will remain in the condition in which they existed at the commencement of the Lease as documented in the Joint Inspection and Inventory Report prepared pursuant to Paragraph 6, ordinary wear and tear and acts of God excepted. Prior to use and occupancy, Lessee shall correct the safety and health hazards described on Exhibit F.

12.2 During the term of this Lease, debris, trash and other useless materials placed on the Leased Premises during the term of this Lease shall be promptly removed from the Leased Premises. Upon termination or expiration of this Lease, the Leased Premises shall be left without containers, Lessee's equipment, and other undesirable materials placed on the Leased Premises during the term of this Lease (except by Government) and in as clean condition as received by Lessee.

12.3 Lessee shall provide or cause to be provided all security services necessary to assure security and safety within the Leased Premises. Any crimes or other offenses, including traffic offenses and crimes and offenses involving damage to or theft of Government property, shall be reported to the appropriate authorities for their investigation and disposition and to Government as property owner.

12.4 Lessee shall take or cause to be taken, all reasonable and necessary fire protection precautions at the Leased Premises. Such precautions may include, but are not limited to, the maintenance of any sprinkler system that exists on the effective date of this Lease and/or the provision of portable fire extinguishers for fire protection of Leased Premises.

12.5 Lessee is responsible for the repair and maintenance of all interior utility systems and those exterior utility systems, distribution lines, connections and equipment which solely support the Leased Premises. This responsibility extends from the Leased Premises to the point of connection with the utility system which serves users other than Lessee.

12.6 Lessee shall ensure only trained and qualified persons are utilized in performance of the maintenance and protection services specified in this paragraph.

13. ENVIRONMENTAL PROTECTION PROVISIONS:

13.1 Lessee, sublessees and contractors shall comply with all applicable Federal, state and local laws, regulations and standards that are or may become applicable during the term of this Lease to Lessee's activities on the Leased Premises.

13.2 Lessee or any sublessee shall be solely responsible for obtaining, at no cost to Government, any environmental permits required for its operations under the Lease, independent of any existing permits held by the Government. Nothing in this Lease shall require Lessee to become a secondary discharger or co-permittee on any existing environmental permit held by Government relating to the operation of the Installation, including, without limitation, any environmental permits associated with the operation of the Installation's sewage treatment plant. Any and all environmental permits required for any of Lessee's or sublessees' operations or activities will be subject to prior concurrence of the Commanding Officer, Engineering Field Activity West, Naval Facilities Engineering Command. Lessee acknowledges that the Government will not consent to being named a secondary discharge or co-permittee for any operations or activities of the Lessee or any sublessee under the Lease. In the event the Government is named as a secondary discharger or co-permittee for

any activity or operation of the Lessee or any sublessee, Government shall have the right to take reasonable actions necessary to prevent, suspend, or terminate such activity or operation, including terminating this Lease, without liability or penalty.

13.3 Government's rights under this Lease specifically include the right for Government officials to inspect upon reasonable notice the Leased Premises for compliance with environmental, safety and occupational health laws and regulations, whether or not Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. Government will give Lessee or sublessee twenty-four (24) hours prior notice of its intention to enter Leased Premises unless it determines the entry is immediately required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, contractor or subcontractor thereof.

13.4 Government and its officers, agents, employees, contractors and subcontractors have the right, upon reasonable notice to Lessee and any sublessee, to enter upon the Leased Premises for the purposes enumerated in this subparagraph:

13.4.1 to conduct investigations and surveys, including, where necessary, drilling, soil and water sampling, testpitting, testing soil borings and other activities related to the Installation Restoration Program (IRP);

13.4.2 to inspect field activities of Government and its contractors and subcontractors in implementing the IRP;

13.4.3 to conduct any test or survey related to implementation of the IRP or environmental conditions at Leased Premises or verify any data submitted to EPA or applicable state equivalent by Government relating to such conditions;

13.4.4 to construct, operate, maintain or undertake any other response or remedial action as required or necessary under the IRP, including but not limited to monitoring wells, pumping wells and treatment facilities.

13.5 Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP during the course of any of the above described response or remedial actions. Any inspection, survey, investigation or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by Lessee and any sublessee. Lessee and

sublessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor or subcontractor thereof. In addition, Lessee shall comply with all applicable Federal, state and local occupational safety and health regulations.

13.6 Lessee further agrees that if the Leased Premises are subject to ongoing environmental remediation by Government, during such period, Lessee shall provide to EPA and applicable state equivalent by certified mail a copy of any sublease of the Leased Premises within fourteen (14) calendar days after the effective date of such sublease. Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment or sublease furnished pursuant to this condition.

13.7 Lessee shall strictly comply with the hazardous waste permit requirements under the Resource Conservation and Recovery Act or its applicable state equivalent. Except as specifically authorized by Government in writing, Lessee must provide at its own expense such hazardous waste management facilities as required by its use of the Leased Premises, complying with all laws and regulations. Government hazardous waste management facilities will not be available to Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this Lease.

13.8 DOD component accumulation points for hazardous and other waste will not be used by Lessee or any sublessee. Neither will Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of DOD Component.

13.9 Before beginning operations on the Leased Premises, Lessee shall have a Government-approved plan for responding to hazardous waste, fuel and other chemical spills. Such plan shall be independent of the Installation plan and, except for initial fire response and/or spill containment, shall not rely on the use of Installation personnel or equipment. Should Government provide to the Leased Premises any personnel or equipment whether for initial fire response and/or spill containment, or otherwise on request of Lessee, or because Lessee was not, in the reasonable opinion of Government, conducting timely cleanup actions, Lessee agrees to reimburse Government for its reasonable and actual costs in association with such response or cleanup upon receipt of an invoice for such costs.

13.10 Lessee shall not conduct or permit its sublessees to conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Government, which consent shall not be unreasonably withheld or delayed.

13.11 To the extent required by law and regulation, Government shall abate, remove or otherwise remedy all friable, accessible and damaged asbestos containing material (ACM), lead based paint (LBP) and polychlorinated biphenyls (PCBs) from Leased Premises. The presence of known ACM, LBP or PCBs shall be fully identified in an Environmental Baseline Survey (EBS) and/or Supplemental Environmental Baseline Survey (SEBS), attached as an Exhibit.

13.11.1 Except as provided in Paragraph 13.11.2, Government is not responsible for any removal or containment of asbestos containing materials (ACM). If Lessee intends to make any improvements or repairs that require the removal of asbestos, an appropriate asbestos disposal plan must be incorporated into the plans and specifications and submitted to Government. The asbestos disposal plan will identify the proposed disposal site for the asbestos, or in the event the site has not been identified, will provide for disposal at a licensed facility authorized to receive it.

13.11.2 Government shall be responsible for the removal or containment of the ACM identified as requiring abatement shown on Exhibit G attached hereto as damaged or deteriorated ACM. Government agrees to abate these listed items of damaged or deteriorated ACM. Government may choose the most economical means of abating any damaged or deteriorated ACM, which may include removal, repair or containment (encapsulation), or a combination of removal, repair and containment. The forgoing obligation of Government does not apply to any ACM other than that identified in Exhibit G. Notwithstanding Paragraph 13.11.1 above, in an emergency, Lessee will notify Government as soon as practicable of its emergency ACM responses. Lessee shall be responsible for monitoring the condition of existing ACM on Leased Premises for deterioration or damaged and accomplishing repairs or abatement pursuant to the applicable conditions of this Lease.

13.12 Lessee shall indemnify and hold harmless Government from any costs, expenses, liabilities, fines or penalties resulting from discharges, emissions, spills, storage or disposal arising from Lessee's occupancy, use or operations, or any other action by Lessee or any sublessee during the term of this Lease giving rise to Government liability under Federal, state or local environmental laws. Lessee's obligations hereunder shall apply whenever Government incurs costs or liabilities as a result of Lessee's activities or activities of any sublessee as provided hereunder. However, this indemnity does not extend to those damages which are due to the fault or negligence of Government or its contractors. This provision shall survive the expiration or termination of this Lease.

13.13. The responsibility of Government to indemnify and hold harmless the Lessee and any sublessee against any toxic torts and other environmental claims shall be in accordance with Public Law 102-484, the National Defense Authorization Act for Fiscal Year 1993, Section 330, as amended.

13.14 If Lessee or a sublessee encounters pre-existing conditions caused by the Government which require the Government to take action in accordance with Federal, State or local law to remove, remediate, correct, or abate hazardous substances, pollutants or contaminants, the Lessee or sublessee shall promptly notify the Government, cease performance, and secure the work site. Vacation of the Leased Premises, or any part thereof, will be directed pursuant to the provisions of Section 15 of this Lease. The Government will take necessary and appropriate actions, as required by Federal, State or local law, and bear the cost of such removal, remediation, corrective action, or abatement, subject to the availability of funds for such purpose.

14. TERMINATION:

14.1 Government shall have the right to terminate this Lease, in whole or in part, without liability, upon thirty (30) calendar days written notice:

14.1.1 In the event of the Government making a final decision on disposal of the Leased Premises that is inconsistent with continued use thereof by Lessee under this Lease; or

14.1.2 In the event of a national emergency as declared by the President or the Congress of the United States and Government makes a determination that such national emergency requires termination of this Lease; or

14.1.3 If, at any time after January 1, 2003, (a) Government has complied with all applicable legal requirements to convey fee title to the Premises, (b) Government has satisfied in full all of its obligations under this Lease, (c) Government tenders to Lessee a conveyance of fee ownership of the Premises after negotiating in good faith with respect to establishing reasonable terms, conditions of, and consideration for such conveyance, and (d) Lessee fails to accept such conveyance within one hundred eighty (180) calendar days of written notice of such tender; or

14.1.4 In the event of a breach by Lessee of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, Lessee shall be afforded thirty (30) calendar days from the receipt of Government's written notice of intent to terminate to complete performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease, unless Government determines that a shorter period is required for

safety, environmental, operations or security purposes. In the event that Government shall elect to terminate this Lease on account of the breach by Lessee of any of the terms and conditions, Government shall be entitled to recover and Lessee shall pay to Government:

14.1.4(a) The costs incurred in resuming possession of the Leased Premises.

14.1.4(b) The costs incurred in performing any obligation on the part of the Lessee to be performed hereunder, but only after notice to Lessee and the expiration of all applicable cure periods.

14.1.4(c) An amount equal to the aggregate of any maintenance obligations and charges assumed hereunder and not paid or satisfied, which amounts shall be due and payable at the time when such obligations and charges would have accrued or become due and payable under this Lease.

14.2 Lessee shall have the right to terminate this Lease upon thirty (30) calendar days written notice to Government in the event of breach by Government of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, Government shall be afforded thirty (30) calendar days from the receipt of Lessee's notice of intent to terminate to complete performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease. Lessee shall also have the right to terminate this Lease in the event of damage to or destruction of all of the improvements on Leased Premises or such a substantial portion thereof as to render Leased Premises incapable or impracticable of use for the purposes for which it is leased hereunder, provided:

14.2.1 Government either has not authorized or directed the repair, rebuilding or replacement of the improvements or has made no provision for payment for such repair, rebuilding or replacement by application of insurance proceeds or otherwise; and

14.2.2 That such damage or destruction was not occasioned by the fault or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees or invitees, or by any failure or refusal on the part of Lessee to fully perform its obligations under this Lease.

14.2.3. If Government requires Lessee or any sublessee to vacate all or a substantial portion of Leased Premises pursuant to any provision of this Lease for a period in excess of thirty (30) calendar days, Lessee may terminate this Lease by written notice to Government given at any time while Lessee shall continue to be denied use of all or a substantial portion of Leased Premises.

Lessee shall thereafter surrender possession of Leased Premises within fifteen (15) calendar days of such notice.

15. ENVIRONMENTAL CONTAMINATION:

In the event environmental contamination is discovered on the Leased Premises which creates, in Government's determination, an imminent and substantial endangerment to human health or the environment which necessitates evacuation of the Leased Premises, and notwithstanding any other termination rights and procedures contained in this Lease, Lessee shall vacate or require any sublessee to vacate Leased Premises immediately upon notice from Government of the existence of such a condition. Exercise of this right by Government shall be without liability, except that Lessee shall not be responsible for the payment of consideration, the amount of deduction to be determined on a daily pro-rata basis, during the period Leased Premises is vacated, and Lessee shall have the right to terminate this Lease if, as provided in Section 14.3 above, Lessee or any sublessee is deprived of the beneficial use and occupancy of the Leased Premises for a period in excess of thirty (30) days. Government's exercise of this right herein to order the Leased Premises immediately vacated does not alone constitute a termination of the Lease, but such right may be exercised in conjunction with any other termination rights provided in this Lease or by law.

16. NON-ENVIRONMENTAL INDEMNIFICATION BY LESSEE:

The Lessee shall hold harmless, indemnify, and defend the Government from and against any suit, claim, demand or action, liability, judgment, cost or other fee arising out of any claim for injury or damage that results from, or is any manner predicated upon activities of the Lessee on the Leased Property during the term of the Lease. This indemnification applies to any fines, claims, demands and causes of action of every nature whatsoever which may be made upon, sustained or incurred by Government by reasons of any breach, violation, omission or non-performance of any term, covenant or condition hereof on the part of Lessee or the employees, agents, servants, guests, invitees and sublessees of Lessee. This indemnification also applies to claims arising out of the furnishing of any utilities or services by Government or any interruption therein or failure thereof, whether or not the same shall be occasioned by the negligence or lack of diligence of Lessee, its officers, agents, servants, employees or sublessees. However, this indemnity does not extend to those damages which are due to the fault or negligence of Government or its contractors. This covenant shall survive the termination of this Lease.

17. INSURANCE:

17.1 At the commencement of this Lease, Lessee shall obtain, from a reputable insurance company or companies, liability insurance or shall maintain a program of self-insurance. The insurance shall provide an amount not less than a minimum combined single limit of \$10 million, for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, property damage or both, suffered or alleged to have been suffered by any person or persons resulting from the operations of Lessee, sublessees, contractors and invitees under the terms of this Lease. Lessee shall provide Government certificates of its self-insurance or require its insurance company to furnish Government a copy of the policy or policies, or if acceptable to Government, certificates of insurance evidencing the purchase of such insurance. The minimum amount of liability insurance coverage is subject to revision by Government every three years or upon renewal or modification of this Lease.

17.2 As to those structures and improvements on Leased Premises constructed by or owned by Government, Lessee shall procure and maintain at Lessee's cost a standard fire and extended coverage insurance policy or policies or a program of self-insurance on the Leased Premises in an amount sufficient to demolish damaged or destroyed structures and improvements, remove debris and clear the Leased Premises. Should Lessee elect to purchase commercial insurance in lieu of self-insurance, Lessee shall procure such insurance from a reputable company or companies. In that event, the insurance policy shall provide that in the event of loss thereunder, the proceeds of the policy or policies, at the election of Government, shall be payable to Lessee to be used solely for the demolition of damaged or destroyed structures and improvements, removal of debris and clear the Leased Premises or for repair, restoration, or replacement of the property damaged or destroyed. Any balance of the proceeds not required for such purposes shall be paid to Government. If Government does not elect, by notice in writing to the insurer within thirty (30) calendar days after the damage or destruction occurs, to have the proceeds paid to Lessee for the purposes herein above set forth, then such proceeds shall be paid to Government, provided however that the insurer, after payment of any proceeds to Lessee in accordance with the provision of the policy or policies, shall have no obligation or liability with respect to the use or disposition of the proceeds by Lessee. Nothing herein contained shall be construed as an obligation upon Government to repair, restore or replace Leased Premises or any part thereof.

17.3 If and to the extent required by law, Lessee shall provide workmen's compensation or similar insurance or self-insurance in form and amounts required by law.

17.4 During the entire period this Lease shall be in effect, Lessee shall require its contractors or sublessees or any contractor performing work at Lessee's or sublessee's request on Leased Premises to carry and maintain the insurance required below:

17.4.1 Comprehensive general liability insurance, including, but not limited to, contractor's liability coverage and contractual liability coverage, of not less than \$3 million, per occurrence with respect to personal injury or death, and \$5 million, per occurrence with respect to property damage.

17.4.2 Workman's compensation or similar insurance in form and amounts required by law.

17.5 Should Lessee purchase commercial insurance in lieu of self-insurance, all insurance which this Lease requires Lessee or sublessee to carry and maintain or cause to be carried or maintained shall be in such form, for such periods of time, and with such insurers as Government may reasonably require or approve. In that event, all policies or certificates issued by the respective insurers for public liability and property insurance will name Government as an additional insured, provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Lessee or Government or any other person, provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least thirty (30) calendar days after receipt by Government of written notice thereof; provide that the insurer shall have no right of subrogation against Government; and be reasonably satisfactory to Government in all other respects. In no circumstances will Lessee be entitled to assign to any third party, rights of action which Lessee may have against Government.

17.6 Lessee and sublessees shall deliver or cause to be delivered promptly to Government a certificate of insurance or self-insurance evidencing the insurance required by this Lease and shall also deliver no later than thirty (30) calendar days prior to expiration of any such policy, a certificate of insurance evidencing each renewal policy covering the same risks.

18. LABOR PROVISION:

During the term of this Lease, Lessee agrees as follows:

18.1 Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Lessee shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or

recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Government setting forth the provisions of this nondiscrimination clause.

18.1.1 Lessee shall, in all solicitations or advertisements for employees placed at Leased Premises by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

18.1.2 Lessee shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by Government, advising the labor union or worker's representative of Lessee's commitments under this equal opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment

18.1.3 Lessee shall comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor.

18.1.4 Lessee shall furnish all information and reports required by Executive order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor or pursuant thereto, and will permit access to his books, records and accounts by Government and the Secretary of Labor for purposes of investigating to ascertain compliance with such rules, regulations and orders.

18.1.5 In the event of Lessee's noncompliance with the equal opportunity clause of this Lease or with any of said rules, regulations or orders, this Lease may be canceled, terminated or suspended in whole or in part, after the expiration of all applicable cure periods, and Lessee may be declare ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended by Executive order 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, or by rule, regulation or order of the Secretary of Labor, or otherwise provided by law.

18.1.6 Lessee will include the above provisions in every sublease unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, so that such provisions will be binding upon each sublessee. Lessee will take such action with respect to any sublessee as Government may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Lessee becomes involved, or is threatened with litigation with sublessee as a result of such direction by Government, Lessee may request the United States to enter into such litigation to protect the interest of the United States.

18.2 This Lease, to the extent that it is a contract of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) and is not covered by the Walsh-Healy Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and exceptions of said Contract Work Hours and Safety Standards Act and to all other provisions and exceptions of said law.

18.2.1 Lessee shall not require or permit any laborer or mechanic in any workweek in which he is employed on any work under this Lease to work in excess of 40 hours in such work week on work subject to the provisions of the Contract Work Hours Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 40 hours in such work week. The "basic rate of pay", as used in this clause, shall be the amount paid per hour, exclusive of Lessee's contribution or cost for fringe benefits and any cash payment made in lieu of providing fringe benefits or the basic hourly rate contained in the wage determination, whichever is greater.

18.2.2 In the event of any violation of the provision of Paragraph 18.2.1, Lessee shall be liable to any affected employee for any amounts due, and to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph 18.2.1 in the sum of ten \$10.00 for each calendar day on which such employee was required or permitted to be employed on such work in excess of the standard workday of 8 hours or in excess of the standard work week of 40 hours without payment of the overtime wages required by Paragraph 18.2.1.

18.3 In connection with the performance of work required by this Lease, Lessee agrees not to employ any person undergoing a sentence of imprisonment at hard labor.

19. SUBMISSION OF NOTICES:

Notices shall be sufficient under this Lease if made in writing and to the addressees as

Lessee: City and County of San Francisco
Mr. Larry Florin
San Francisco Mayor's Office
Treasure Island Project
410 Palm Ave. Bldg. 1, Room 237
Treasure Island
San Francisco, CA 94130

Government: Commanding Officer (Attn: Code 624)
Engineering Field Activity - West
Naval Facilities Engineering Command
900 Commodore Drive
San Bruno, CA 94066-5000

The individuals so designated above shall be representatives of the parties and the points of contact during the period of this Lease.

20. AUDIT:

This Lease shall be subject to audit by any and all cognizant Government agencies. Lessee shall make available to such agencies for use in connection with such audits all records which it maintains with respect to this Lease and copies of all reports required to be filed hereunder.

21. AMENDMENTS:

This Lease shall not be amended or modified unless in writing and signed by both parties. No oral statements or representation made by, for or on behalf of either party shall be a part of this Lease. Should a conflict arise between the provisions of this Lease and any exhibit hereto, or any other agreement between Government and Lessee, the provisions of this Lease shall take precedence.

22. FAILURE TO INSIST ON COMPLIANCE:

The failure of Government or Lessee to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Lease shall not be construed as a waiver or relinquishment of Government's or Lessee's right to the future performance of any such terms, covenants or conditions and Government's and Lessee's respective obligations in respect of such future performance shall continue in full force and effect.

23. DISPUTES:

23.1 This lease is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613) (the Act).

23.2 Except as provided in the Act, all disputes arising under or relating to this Lease shall be resolved under this clause.

23.3 "Claim", as used in this clause, means a written demand or written assertion by Lessee or Government seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of lease terms, or other relief arising under or relating to this Lease. A claim arising under this Lease, unlike a claim relating to this Lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the claimant. However, a written demand or written assertion by Lessee seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph 23.4 below. A voucher, invoice or other routine request for payment that is not in dispute when submitted, is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

23.4 A claim by Lessee shall be made in writing and submitted within six (6) years after accrual of the claim, to the Engineering Field Activity West (ATTN.: Code 624), Naval Facilities Engineering Command, 900 Commodore Drive, San Bruno, CA 94066-5006 herein called "Command", for a written decision. A claim by the Government against Lessee shall be subject to a written decision by the Command.

23.4.1 Lessee shall provide the certification specified in subparagraph 23.4.3 of this clause when submitting any claim:

(a) Exceeding \$100,000; or

(b) Regardless of the amount claimed, when using:

(1) Arbitration conducted pursuant to 5 U.S.C. 575-580; or

(2) Any other alternative means of dispute resolution (ADR) technique that the agency elects to use in accordance with the Administrative Dispute Resolution Act (ADRA).

23.4.2 The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

23.4.3 The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which Lessee believes Government is liable; and that I am duly authorized to certify the claim on behalf of Lessee."

23.4.4 The certification may be executed by any person duly authorized to bind Lessee with respect to the claim.

23.5 For Lessee claims of \$100,000 or less, the Command, must, if requested in writing by Lessee, render a decision within 60 calendar days of the request. For Lessee-certified claims over \$100,000, the Command, must, within 60 calendar days, decide the claim or notify Lessee of the date by which the decision will be made.

23.6 The Command's, decision shall be final unless Lessee appeals or files a suit as provided in the Act.

23.7 At the time a claim by the Lessee is submitted to the Command or a claim by Government is presented to Lessee, the parties, by mutual consent, may agree to use ADR. When using arbitration conducted pursuant to 5 U.S.C. 575-580, or when using any other ADR technique that the agency elects to employ in accordance with the ADRA, any claim, regardless of amount, shall be accompanied by the certification described in Paragraph 23.4.3 of this clause, and executed in accordance with Paragraph 23.4.4 of this clause.

23.8 Government shall pay interest on the amount found due and unpaid by Government from (1) the date the Command receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Command initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury, as provided in the Act, which is applicable to the period during which the Command receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

23.9 Lessee shall proceed diligently with the performance of Lease, pending final resolution of any request for relief, claim, appeal or action arising under Lease, and comply with any decision of the Command.

24. COVENANT AGAINST CONTINGENT FEES:

Lessee warrants that no person or agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by Lessee for the purpose of securing business. For breach or violation of this warranty, Government shall have the right to annul this Lease without liability or in its discretion, to require Lessee to pay the full amount of such commission, percentage, brokerage or contingent fee.

25. OFFICIALS NOT TO BENEFIT:

No member of or delegate to Congress or Resident Commissioner, shall be admitted to any share or part of this Lease or to any benefit to arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

26. LIENS:

Lessee shall promptly discharge or cause to be discharged any valid lien, right in rem, claim or demand of any kind, except one in favor of Government, which at any time may arise or exist with respect to the Leased Property or materials or equipment furnished therefor, or any part thereof, and if the same shall not be promptly discharged by Lessee, or should Lessee or sublessee be declared bankrupt or make an assignment on behalf of creditors, or should the leasehold estate be taken by execution, Government reserves the right to take immediate possession without any liability to Lessee or any sublessee. Lessee and any sublessee shall be responsible for any costs incurred by Government in securing clear title to its property.

27. TAXES:

Lessee shall pay or cause to be paid to the proper authority, when and as the same become due and payable, all taxes, assessments and similar charges which, at any time during the term of this Lease, may be imposed upon Lessee with respect to its operations of the Leased Premises. Title 10 United States Code, Section 2667(e) contains the consent of Congress to the Taxation of Lessee's interest in Leased Premises, whether or not the Leased Premises are in an area of exclusive federal jurisdiction. Should Congress consent to taxation of Government's interest in the property, this Lease will be renegotiated.

28. SUBJECT TO EXISTING AND FUTURE EASEMENTS AND RIGHTS- OF-WAY:

This Lease is subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in and upon Leased Premises or any portion thereof and to the right of Government to grant such additional easements and rights-of-way over, across, in and upon Leased Premises as it shall determine to be in the public interest; provided that any such additional easement or right-of-way shall be conditioned on the assumption by the grantee thereof of liability to Lessee for such damages as Lessee shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such easements and rights-of-way as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any Federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over Leased Premises as shall be necessary for the performance of their duties with regard to such facilities.

29. INGRESS-EGRESS AND PARKING:

Lessee and any sublessees will be granted reasonable access to Leased Premises under this Lease. Such access will be coordinated with Government. As a condition, Lessee and any sublessees agree to adhere to all base rules and regulations regarding installation security, ingress, egress, safety and sanitation as may be prescribed from time to time by Government. Parking will be coordinated with Government.

30. ADMINISTRATION:

Except as otherwise provided for under this Lease, Government shall, under the direction of the Command, have complete charge of the administration of this Lease, and shall exercise full supervision and general direction thereof insofar as the interests of Government are affected.

31. SURRENDER:

Upon the expiration of this Lease or its earlier termination in accordance with the terms of this Lease, Lessee shall quietly and peacefully remove itself and its property from Leased Premises and surrender the possession thereof to Government. Government may, in its discretion, declare any property which has not been removed from Leased Premises upon expiration or termination provided for above, as abandoned property upon giving to Lessee an additional 30 calendar days notice after the termination date.

32 INTEREST:

32.1 Notwithstanding any other provision of this Lease, unless paid within thirty (30) calendar days from the due date, all amounts that become payable by Lessee to Government under this Lease (net any applicable tax credit under the Internal Revenue Code) shall bear interest from the date due. The rate of interest will be the Current Value of Funds rate published by the Secretary of Treasury pursuant to 31 U.S.C. 3717 (Debt Collection Act of 1982).

32.1.1 Amounts shall be, subject to applicable cure periods, due upon the earliest of:

32.1.1(a) the date fixed pursuant to this Lease,

32.1.1(b) the date of the first written demand for payment, consistent with this Lease, including demand consequent upon default termination,

32.1.1(c) the date of transmittal by Government to Lessee of a proposed supplemental agreement to confirm completed negotiations fixing the amount,

32.1.1(d) if this Lease provides for revision of prices, the date of written notice to Lessee stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by Lease supplement.

33. AVAILABILITY OF FUNDS:

33.1 The Government's obligations under this Lease are subject to the availability of funds appropriated for such purposes. Nothing in this Lease shall be interpreted to require obligations or payments by Government which are in violation of the Anti-Deficiency Act (31 USC 1341).

34. SPECIAL PROVISIONS:

34.1 Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by Lessee under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of San Francisco, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds

for the payment of any payments required under this Lease are not appropriated for any reason, then either party may terminate this Lease upon thirty (30) calendar days written notice and Lessee shall quietly and peacefully remove itself and its property from Leased Premises and surrender possession thereof to the Government. Notwithstanding the foregoing, this section 34.1 shall not in any way limit or otherwise impair Lessee's indemnification obligation arising under Sections 13.12 and 16 of this Lease.

34.2 Article 1.5 of the San Francisco Planning Code ("Code") requires the provision of bicycle storage at all properties leased by the City at no cost to the landlord, here the Government, and only if funds are available. In the event public and/or private donations, grants or other funds become available, at any time during this Lease, Lessee shall have the right to request that the Government amend this Lease to include space sufficient for the installation and operation of bicycle storage facilities. In the event of storage locker installation, the storage lockers shall be considered a trade fixture. Government, at no cost to Government, shall reasonably cooperate with City regarding the implementation of this Code.

34.3 The date on which this Lease shall become effective (the "Effective Date") is the date upon which (i) Lessee's Mayor and Board of Supervisors enact a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed by the parties hereto.

34.4 Under the terms of this Lease, all military personnel currently deployed on active duty will be allowed to retain their existing use of the Marina facilities for the term of this Lease under the same stipulations agreed to while the Marina was under Navy operation.

35. LIST OF EXHIBITS:

The following exhibits are a part of this Lease:

- Exhibit A - Leased Premises
- Exhibit B - Inventory of Personal Property
- Exhibit C - Joint Inspection Report
- Exhibit D - EBS and FOSL
- Exhibit E - Utility Rates Schedule
- Exhibit F - Safety and Health Hazards to be Corrected
- Exhibit G - Government's Obligations to Abate Asbestos
- Exhibit H - Pre-Approved Hazardous Materials

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth below duly executed this Lease as of the day and year first above written.

WITNESS

THE UNITED STATES OF AMERICA

By: _____
Real Estate Contracting Officer

Date: _____

THE CITY AND COUNTY OF SAN FRANCISCO

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM

CITY ATTORNEY

EXHIBIT B

INVENTORY OF PERSONAL PROPERTY

TO BE PROVIDED AT A LATER DATE

EXHIBIT C

JOINT INSPECTION REPORT

(Completed at time of move-in by both parties)

EXHIBIT D

**ENVIRONMENTAL BASELINE SURVEY
FINDING OF SUITABILITY TO LEASE
NEPA DOCUMENTATION**

EXHIBIT E

**UTILITIES AGREEMENT
SUPPORTING LEASE TREASURE ISLAND MARINA AND ASSOCIATED GROUNDS
NAVAL STATION TREASURE ISLAND**

ARTICLE 10, UTILITIES

(a) Portions of the Government's utilities systems serving the Station are located within the Premises and are reserved for use by the Government hereunder. The Lessee agrees to allow the Government or its utility suppliers reasonable access to the Premises for such operation, maintenance, repair and replacement of these utilities systems as may be required. In executing operation, maintenance, repair or replacement of these systems, the Government agrees to take all reasonable steps to limit interference with the use of the Premises by the Lessee or its approved sublessees or assignees.

(b) Prior to commencement of the term of this Lease, the Government and the Lessee will agree upon the terms and conditions for delivery of utility services by the Government to the Lessee which agreement will be appended as Exhibit "E" to this Lease. Conditions will include the following:

(1) Sewage discharge by the Lessee to the Government owned sewer system must meet all requirements of any applicable waste water discharge permit or contract issued by or between the Government and Bay Area Water Quality Management Board for discharge of sewage from the Station.

(2) Storm water discharged from the Premises must meet the requirements of permits issued to the Government in accordance with the National Pollution Discharge Elimination System (NPDES) for discharge of storm water from the Station. In addition, the Lessee agrees to participate in any storm water quality management program required by applicable local, State, or Federal regulations.

(c) The Lessee may, at its own cost, replace, remove, or relocate utility systems on the Premises in order to use the Premises, so long as there is no unreasonable interference with use by the Government of the utility systems and provided the Government has approved the replacement, removal or relocation in advance. Government approval shall not be unreasonably denied or delayed.

BACKGROUND

This exhibit implements the agreement stipulated in ARTICLE 10, of the Lease between the Lessee and the Government.

AGREEMENT

Pursuant to the requirements stipulated in ARTICLE 10 of said Lease, the Lessee and the Government hereby agree to the following with respect to Government-owned utility systems and to Government-provided utility services:

1. General

All utility services delivered at the premises shall be obtained from the City and County of San Francisco (CCSF) in accordance with provisions of Cooperative Agreement N624749720003 entered into by the Navy and CCSF. The Lessee agrees to conform to conditions of service which may be laid out by CCSF in addition to the general requirements of paragraphs 2.0 through 7.0, below. Assistance in obtaining service from CCSF can be obtained by contacting:

**San Francisco Public Utilities Commission
410 Palm Ave., Building 1
Treasure Island
San Francisco, CA 94130**

**Attn.: Chuck Swanson, Utilities Project Manager
Phone: 415 274 0333**

2.0 Metering

Electric, natural gas and water service will be authorized by the Government only after installation of meters which fully and exclusively measure consumption on the Premises. Prior to commencement of service the Lessee will insure that any additional metering which may be required has been installed by the San Francisco Public Utilities Commission (SFPUC), as the representative of the CCSF, or in accordance with SFPUC requirements and with written SFPUC authorization. Unless otherwise stipulated by the SFPUC, the volume of sewer discharge from the Premises will be assumed to equal water consumption as measured by applicable meters.

3.0 Commencement of Service

Service will commence after the Lessee, or any sublessee authorized by the Government, has established an account with the SFPUC and has made any advance service deposit which the SFPUC may require.

4.0 Rates

Until further notice by the Government, the following rates are in effect:

Utility	Unit	Charge Per Unit
electricity	MWH (million watt-hours)	\$142.75
natural gas	MBTU (million BTU's)	\$ 6.00
water	KGAL (thousand gallons)	\$ 5.40
sewer	KGAL	\$ 5.75

5.0 Billing and Payment

Monthly bills for utilities services will be issued by the SFPUC to the Lessee or to a Government authorized sublessee as agreed upon between the Lessee and the SFPUC. Payment to the SFPUC is due within 10 working days of receipt of the bill. Adjustments to billed amounts may requested only after receipt of the billed amount by the SFPUC and may be granted by the SFPUC only after an error in the originally presented bill is clearly established and documented.

6.0 Service to Sublessees

As stated in paragraph 5.0, above, payment for utility service may be made directly to the SFPUC by a Government authorized sublessee, rather than by the Lessee, subject to agreement by the SFPUC. In the event any such agreement is made, the Lessee will insure that the applicable sublease contains provisions sufficient to bind the sublessee to all conditions of service given here as well as to any additional conditions of service which may be imposed by the SFPUC.

7.0 Failure by Sublessees to Make Payment

Any Government authorized sublessee obligated to make payment for utility services directly to the SFPUC will be considered in arrears if payment of any bill is not received within 30 working days of presentation to the sublessee by the SFPUC. In any such case, the liability for payment will immediately revert to the Lessee and will remain with the Lessee for the remainder of the term of this Lease.

EXHIBIT F

SAFETY AND HAZARDS TO BE CORRECTED

There are no safety or health hazards identified by the Government as requiring correction.

EXHIBIT G

GOVERNMENT'S OBLIGATIONS TO ABATE ASBESTOS

No Asbestos Containing Materials identified as requiring abatement by Government.

EXHIBIT H

Pre-Approved Hazardous Materials

NONE

EXHIBIT A

200 0 200
APPROXIMATE SCALE IN FEET

GATE

STREET

TRAFFIC
LANE

MARINA

LEASE BOUNDARY

PIER 2

TREASURE ISLAND MARINA LEASE

JANUARY 21, 1996

EXHIBIT A

447

470

146

GATE

FENCE

WALL

405

1

690

CALIFORNIA

EL

690

EXHIBIT B

INVENTORY OF PERSONAL PROPERTY

TO BE PROVIDED AT A LATER DATE

EXHIBIT C

JOINT INSPECTION REPORT

(Completed at time of move-in by both parties)

EXHIBIT D

**ENVIRONMENTAL BASELINE SURVEY
FINDING OF SUITABILITY TO LEASE
NEPA DOCUMENTATION**

EXHIBIT B

YBI HOUSING LEASE

LEASE

BETWEEN

THE UNITED STATES OF AMERICA

AND

THE CITY AND COUNTY OF SAN FRANCISCO

FOR

YERBA BUENA ISLAND HOUSING

NAVAL STATION TREASURE ISLAND

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LEASE
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE CITY AND COUNTY OF SAN FRANCISCO

THIS LEASE, made as of this _____ day of _____, 1998 is by and between THE UNITED STATES OF AMERICA, acting by and through the Department of the Navy, herein called "Government", and THE CITY AND COUNTY OF SAN FRANCISCO, herein called "Lessee";

WITNESSETH:

WHEREAS, Government has declared certain real and personal property, as more particularly described as the Leased Premises in Paragraph 1, surplus at the Naval Station Treasure Island, San Francisco, California, (the "Installation"), and Lessee has identified an immediate need to use such real and personal property; and

WHEREAS, the Secretary of the Navy, pursuant to the provisions of 10 U.S.C. § 2667 (f)(1), has determined that this Lease will facilitate state and local economic adjustment efforts pending final disposition of the Leased Premises; and

WHEREAS, the Secretary of the Navy, pursuant to 10 U.S.C. § 2667 (f)(2) has determined that a public interest will be served as a result of this Lease, the fair market value of the Lease is either unobtainable or not compatible with such public benefit, and consequently, consideration for this Lease will be at less than fair market value; and

WHEREAS, the Secretary of the Navy, after consultation with the Environmental Protection Agency Administrator has determined that the Leased Premises is suitable for lease, and the uses contemplated for the Lease are consistent with protection of human health and the environment; and

WHEREAS, Lessee is recognized by the Secretary of the Defense, through the Office of Economic Adjustment, as the local redevelopment authority with the responsibility for the redevelopment of the Installation; and

WHEREAS, Lessee is a municipal corporation, created and organized under the laws of the State of California, with the power to acquire, lease and dispose of federal military installations, and Lessee desires to enter into this Lease to further reuse efforts at the Installation.

NOW THEREFORE, in consideration of the terms, covenants, and conditions set forth in this Lease, Government and Lessee hereby agree as follows:

1. LEASED PREMISES:

Subject to the terms and conditions of this Lease, Government does hereby lease, rent, and demise to Lessee, and Lessee does hereby hire and rent from Government, buildings listed below, located on Yerba Buena Island, all comprising approximately 945,000 square feet of land, areas as shown on Exhibit A, attached hereto, together with all improvements; and all personal property described in Exhibit B attached hereto, and all rights of ingress and egress to such real property (together, the "Leased Premises").

HOUSING

<u>BUILDING</u> <u>NO.</u>	<u>SQUARE</u> <u>FOOT</u>	<u>NO. OF</u> <u>UNITS</u>	<u>BUILDING</u> <u>NO.</u>	<u>SQUARE</u> <u>FOOT</u>	<u>NO. OF</u> <u>UNITS</u>
5	3,899	1	304	11,904	8
7	3,396	1	324	6,388	4
10	1,398	1	325	6,696	4
61	2,589	2	326	3,348	2
300	11,392	8	327	3,194	2
301	11,392	8	328	6,696	4
302	11,904	8	329	3,194	2
303	5,952	4	331	3,194	2
			TOTAL	96,536	61

GARAGES

<u>BUILDING</u> <u>NO.</u>	<u>SQUARE</u> <u>FOOT</u>	<u>VEHICLES</u>	<u>BUILDING</u> <u>NO.</u>	<u>SQUARE</u> <u>FOOT</u>	<u>VEHICLES</u>
83	1,024	2	230	782	3
205	1,617	5	267	300	1
			TOTAL	3,723	11

The Leased Premises exclude the following areas: (1) easements for construction of the existing Bay Bridge (2) easements for maintenance areas.

2. TERM:

The term of this Lease shall be for a period of 15 years beginning on 13 FEBRUARY 1998 and ending on 12 FEBRUARY 2013, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination.

3. CONSIDERATION:

3.1 As consideration for this Lease, Lessee agrees to (i) actively market the Installation and attempt to sublease those portions of the Leased Premises which are suitable for subleasing, (ii) provide protection and maintenance to the extent described in

Paragraph 12 for those portions of the Leased Premises which are or have been during the term of this Lease used or occupied by Lessee or subleased by Lessee to another and (iii) pay Government the Common Services Charge described in Sections 3.1.2 and 3.1.3 below.

3.1.1 As additional consideration, subject to annual appropriations by Lessee's Board of Supervisor's, Lessee shall apply any Revenue (as defined herein) received from subleasing the Premises as follows: first, to reimburse itself for marketing and property management expenses incurred by Lessee; and second, for expenses incurred by Lessee for improvements to the Installation. If sufficient funds for the purposes described in this Section 3.1.1 are not appropriated for any reason in any fiscal year of the Lease after the fiscal year in which the Term of this Lease commences, then Government may terminate this Lease, without liability, upon thirty (30) calendar days written notice.

"Revenue" as referred to herein means rental income and any other miscellaneous income derived from the subletting of the Leased Premises less (i) sales tax, use and occupancy tax, franchise tax and any other taxes, building fees, planning fees and inspection fees related to the use and occupancy of the Leased Premises, and (ii) Lessee's cost of operating, maintaining, protecting and repairing the Leased Premises including, without limitation, any Common Services Charges paid to Government pursuant to this Section 3.1.

3.1.2 Lessee shall be responsible for paying the cost of services incurred by Government and provided for the benefit of Lessee and sublessees as described and in the amount set forth in Paragraph 3.1.3 (the "Common Services Charge"). Lessee shall pay Government the Common Services Charge on the first day of each month.

3.1.3 The Common Services Charge will be calculated as follows:

\$0.050 per square foot per month of occupied building space (1) used or occupied by Lessee; (2) subleased by Lessee to another.

\$0.003 per square foot per month of land area (1) used or occupied by Lessee; (2) subleased by Lessee to another.

The Common Services Charge may be revised by Government and Lessee on an annual basis, or at other times only upon mutual agreement of Government and Lessee or as required by Section 3.1.4 below.

"Common Services" for the purpose of the Common Services Charge shall include, but are not limited to: fire fighting; general perimeter security (this does not include security of those portions of Leased Premises which are (1) used or occupied by Lessee, (2) subleased by Lessee to another); causeway operations, maintenance and

repair; maintenance and repair of roads, streets, sidewalks, curbs and gutters; operation, maintenance and repair of street lighting, street signals and signage; operation, maintenance and repair of storm sewer; pest control, and general administration of these services. Nothing in this Lease commits Government to continue to provide Common Services referenced herein.

3.1.4 If and to the extent Government reduces, modifies or ceases to provide all or portion of the Common Services described herein or to the extent Lessee assumes the responsibility for such Common Services pursuant to a cooperative agreement or other agreement with Government, the Common Services Charge shall be proportionately reduced, to an amount mutually agreed upon by Government and Lessee, so that at all times during the term of this Lease the amount of the Common Services Charge shall accurately and in substantially the same proportion as provided herein reflect the costs of Government in providing such Common Services.

3.1.5 If the Government expects to incur any unanticipated costs which are specifically attributable to an action or inaction of the Lessee, its sublessees, or assigns, the Lessee and the Government shall meet and confer on ways to avoid or mitigate such costs and, if the costs can not be entirely avoided, the Lessee and Government shall mutually determine the amount that Lessee shall pay from revenue in addition to the Common Services Charge to defray those costs that cannot be avoided or mitigated. If the Lessee and Government are unable to reach agreement on a way to avoid or mitigate the unanticipated costs or the amount of compensation that the Lessee shall pay to the Government to defray such costs, their dispute shall be resolved in accordance with the provisions of Paragraph 23 of this Lease.

3.2 Consistent with standard accounting practices for tax purposes, Lessee shall keep adequate records and books of account showing the actual cost to it of all items of labor, material, equipment, supplies, services and other items of cost incurred by it directly in the performance of any item of work or service in the nature of marketing and management; the repair, restoration, protection and maintenance of Leased Premises which is required by Paragraph 12; or otherwise approved or directed by Government. Lessee shall provide Government with access to such records and books of account and proper facilities for inspection thereof at all reasonable times.

4. USE OF LEASED PREMISES:

4.1 The Leased Premises may be used and operated by Lessee for residential purposes. Lessee and/or sublessee shall permit only Adult Caretaker residency in Quarters 5 and also encompass land areas for operation of cell sites. General residential use shall not be provided in Quarters 5. Lessee understands and acknowledges that this is not and does not constitute a commitment by Government with regard to the

ultimate disposal of Leased Premises, in whole or in part, to Lessee or any agency or instrumentality thereof, or to any sublessee. The Lease may be terminated by Government or Lessee as provided by the terms of the Lease pursuant to Paragraph 14, and Lessee and Government agree to and acknowledge such terms.

4.2 Lessee shall not undertake any activity that may affect an identified historic or archeological property, including excavation, construction, alteration or repairs of Leased Premises, without the approval of Government. Buried cultural materials may be present on the Leased Premises. If such materials are encountered, Lessee shall stop work immediately and notify Government.

5. SUBLETTING:

5.1 Lessee shall not sublet the Leased Premises or any interest therein or any property thereon, or grant any interest, privilege or license whatsoever in connection with this Lease without the prior written consent of Government. Such consent shall not be unreasonably withheld or delayed. Each sublease shall contain or incorporate by reference the environmental protection provisions set forth in Paragraph 13 herein. Under no circumstance shall Lessee assign this Lease without Government's prior written consent, except that no consent shall be required in connection with an assignment of this Lease to a successor to Lessee which is the local redevelopment authority for the Installation recognized by the Secretary of Defense, through the Office of Economic Adjustment.

5.2 Any sublease granted by Lessee shall contain a copy of this Lease as an attachment and be subject to all terms and conditions of this Lease and shall terminate immediately upon the expiration or any earlier termination of this Lease, without any liability on the part of Government to Lessee or any sublessee. Under any sublease made, with or without consent, the sublessee shall be deemed to have assumed the obligations of Lessee under this Lease that relate to the portion of the Leased Premises subleased to such sublessee. No sublease shall relieve Lessee of any of its obligations hereunder.

5.3 Lessee shall furnish Government, for its prior written consent, a copy of each sublease it proposes to execute. Such consent may include a requirement that Lessee renegotiate the sublease to conform with the provisions of this Lease. The determination by Government as to the acceptability of a particular sublease shall principally include approval of the sublessee with respect to its proposed uses of the Leased Premises, the capability of the sublessee to perform its obligations under the sublease, and the conformity of the sublease to the provisions of this Lease. Such consent shall not be unreasonably withheld or delayed. Consent to any sublease shall not be taken or construed to diminish or enlarge any of the rights or obligations of either of the parties under this Lease. Should a conflict arise between the provisions of this Lease and a provision of the sublease, the provisions of this Lease shall take precedence. Upon its execution, a copy of the sublease shall immediately be furnished to Government.

5.4 Either party hereto shall, from time to time during the Term, upon not less than twenty (20) calendar days' prior written notice from the other party, execute, acknowledge and deliver to the other party, or such persons or entities designated by such other party, a statement in writing certifying: (a) the commencement date and expiration date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), (d) the dates, if any, to which the Common Services Charge and any other consideration required hereunder has been paid.

6. JOINT INSPECTION & INVENTORY REPORT:

6.1 Joint Inspection. Representatives of the Lessee and Government shall conduct a joint inspection of all portions of the Leased Premises to be (1) beneficially used or occupied by the Lessee; (2) assigned by the Lessee to another; or (3) subleased by Lessee to another for any purpose. Such inspections shall be completed before any such use begins and may include a representative of the sublessee if appropriate. Based on the joint inspection, a complete inventory of Government property located on the Leased Premises and a report of the condition of the Leased Premises, including the condition of improvements, appurtenances and personal property thereon, has been prepared and is attached to this Lease as Exhibit C.

6.2 No Warranty by Government. All facilities and property delivered to the Lessee shall be delivered "as is, where is," and, as such, the Government makes no warranty as to such facilities and property either as to their usability generally or as to their fitness for any particular purpose. As provided in Section 12 of this Lease, Lessee shall, at no expense to Government, maintain those portions of the Leased Premises which Lessee uses or subleases, and will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals which shall thereupon become part of the Leased Premises. During the term of this Lease, Government shall have no responsibility, financial or otherwise, except as otherwise described herein with respect to protection and maintenance of the Leased Premises.

6.3 In accordance with 32 CFR §91.7(h), governing the disposition of personal property at closing military bases, Personal Property shall be identified throughout the Installation for use in connection with redevelopment of the Installation. At no expense to Government, and only with Government approval, Personal Property may be relocated from other buildings to the Leased Premises in order to facilitate redevelopment, including exclusive use thereof by the sublessee during the Term of this Lease. Each inventory, upon completion, shall be identified by building or facility number, and signed and dated by both parties to this Lease and attached to this Lease as part of the Joint Inspection Report attached hereto as Exhibit C.

**7. ENVIRONMENTAL BASELINE SURVEY AND FINDINGS OF
SUITABILITY TO LEASE:**

An Environmental Baseline Survey for Lease (EBSL) and a Finding of Suitability to Lease (FOSL) are attached to this Lease as Exhibit D and made part of this Lease. The EBSL sets forth the existing environmental conditions of the Leased Premises as represented by the baseline survey which has been conducted by Government. The FOSL sets forth the basis for the Government's determination that Leased Premises are suitable for leasing. Lessee is hereby made aware of the information contained in the FOSL attached hereto as Exhibit D and shall comply with applicable restrictions set forth therein.

8. ALTERATIONS:

8.1 Lessee shall not construct, make or permit its sublessees to construct or make any substantial alterations, additions, excavations, improvements to, installations upon or otherwise modify or alter the Leased Premises in any way, including those which may adversely affect the remediation of hazardous materials on the Installation (together, "Alterations") without the prior written consent of Government. Such consent may not be unreasonably withheld or delayed, but may involve, where reasonably necessary, a requirement for Lessee or Lessee's contractor to provide the government with a performance and payment bond satisfactory to it in all respects and other requirements deemed reasonably necessary to protect the interests of the Government.

8.2 Upon termination of this Lease, as directed by Government, Lessee shall, at the option of the Government either:

8.2.1 Promptly remove all alterations, additions, betterments and improvements made or installed and restore the Leased Premises to the same or as good condition as existed on the date of entry under this Lease, reasonable wear and tear and acts of God excepted; or

8.2.2 Abandon such additions or alterations in place, at which time title to such alterations, improvements and additions shall vest in Government.

8.2.3 In either event all personal property and trade fixtures of Lessee or any third person may be removed from the Leased Premises and Lessee shall repair any damage to the Leased Premises resulting from such removal.

9. ACCESS BY GOVERNMENT:

In addition to access required under Paragraph 13, at all reasonable times throughout the term of this Lease, Government shall be allowed reasonable access to the Leased Premises for any purpose. Government will give Lessee or any sublessee at least twenty-

four (24) hour prior notice of its intention to enter the Leased Premises, unless it determines the entry is immediately required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against Government or any officer, agent, employee, contractor or subcontractor of Government. All keys to the buildings and facilities occupied by Lessee or any sublessee shall be made available to Government upon request.

10. UTILITIES AND SERVICES:

Procurement of utilities (i.e., electricity, water, gas, sewer, telephone and trash removal) will be the responsibility of Lessee. Lessee agrees to obtain needed utility services from any private or municipal supplier who should, during the term of Lease, become able to deliver such services to Leased Premises. In the event that Government shall furnish Lessee with any utilities or services maintained by Government which Lessee may require in connection with its use of Leased Premises, Lessee shall pay Government the cost incurred in providing such utilities or services in the amounts set forth in Exhibit E attached hereto, which rates shall be determined by Government and Lessee in accordance with applicable laws and regulations. Lessee, at no cost to Government, shall install metering devices for utilities serving the Leased Premises prior to its occupancy. The volume of utilities used by Lessee shall be determined by such metering devices. It is expressly agreed and understood that Government in no way warrants the continued availability, maintenance or adequacy of any utilities or services furnished to Lessee.

11. NON-INTERFERENCE WITH GOVERNMENT OPERATIONS:

Lessee shall not conduct operations nor make any alterations that would interfere with or otherwise restrict operations, environmental clean-up or restoration actions by Navy, Environmental Protection Agency (EPA), applicable state equivalent, or their contractors. Environmental clean-up, restoration or testing activities by these parties shall take priority over Lessee's use of Leased Premises in the event of any conflict. However, Government and Lessee agree to coordinate to minimize potential conflicts between necessary remediation of environmental contamination, including investigation and remedial actions, and Lessee's and any sublessee's use of Leased Premises.

12. PROTECTION AND MAINTENANCE SERVICES:

12.1 Except as otherwise specifically provided herein, Lessee shall furnish or cause to be furnished all labor, supervision, materials, supplies and equipment necessary to the operation, maintenance and repair of the following building systems and appurtenances located in or on the Leased Premises: structural (including roof), fencing, plumbing, electrical, heating and cooling systems; exterior utility systems (including fire hydrants and mains); pavement and grounds maintenance (including grass cutting, shrub trimming and tree removal); pest and weed control; security and fire protection within Leased Premises; refuse collection, removal and disposal; and utilities maintenance

necessary for the protection of Leased Premises. Government shall not be required to furnish any services or facilities to Lessee or to make any repair or alteration in or to Leased Premises. Lessee hereby assumes the full and sole responsibility for the protection, maintenance and repair of Leased Premises set forth in this paragraph. For specifics as to such protection and maintenance required to be provided by Lessee hereunder, the following provisions shall apply:

12.1.1 The degree of maintenance and repair services to be furnished by Lessee hereunder shall be that which is sufficient to assure weather tightness, structural stability (excluding any seismic retrofit and/or modification to foundations resulting from extraordinary natural occurrences such as earthquakes, floods and landslides), protection from fire hazards or erosion, and elimination of safety and health hazards which arise during the term of the Lease and which are not caused by the actions of Government or its employees, contractors or agents, so that the Leased Premises being serviced will remain in the condition in which they existed at the commencement of the Lease as documented in the Joint Inspection and Inventory Report prepared pursuant to Paragraph 6, ordinary wear and tear and acts of God excepted. Prior to use and occupancy, Lessee shall correct the safety and health hazards described on Exhibit F.

12.2 During the term of this Lease, debris, trash and other useless materials placed on the Leased Premises during the term of this Lease shall be promptly removed from the Leased Premises. Upon termination or expiration of this Lease, the Leased Premises shall be left without containers, Lessee's equipment, and other undesirable materials placed on the Leased Premises during the term of this Lease (except by Government) and in as clean condition as received by Lessee.

12.3 Lessee shall provide or cause to be provided all security services necessary to assure security and safety within the Leased Premises. Any crimes or other offenses, including traffic offenses and crimes and offenses involving damage to or theft of Government property, shall be reported to the appropriate authorities for their investigation and disposition and to Government as property owner.

12.4 Lessee shall take or cause to be taken, all reasonable and necessary fire protection precautions at the Leased Premises. Such precautions may include, but are not limited to, the maintenance of any sprinkler system that exists on the effective date of this Lease and/or the provision of portable fire extinguishers for fire protection of Leased Premises.

12.5 Lessee is responsible for the repair and maintenance of all interior utility systems and those exterior utility systems, distribution lines, connections and equipment which solely support the Leased Premises. This responsibility extends from the Leased Premises to the point of connection with the utility system which serves users other than Lessee.

12.6 Lessee shall ensure only trained and qualified persons are utilized in performance of the maintenance and protection services specified in this paragraph.

13. ENVIRONMENTAL PROTECTION PROVISIONS:

13.1 Lessee, sublessees and contractors shall comply with all applicable Federal, state and local laws, regulations and standards that are or may become applicable during the term of this Lease to Lessee's activities on the Leased Premises.

13.2 Lessee or any sublessee shall be solely responsible for obtaining, at no cost to Government, any environmental permits required for its operations under the Lease, independent of any existing permits held by the Government. Nothing in this Lease shall require Lessee to become a secondary discharger or co-permittee on any existing environmental permit held by Government relating to the operation of the Installation, including, without limitation, any environmental permits associated with the operation of the Installation's sewage treatment plant. Any and all environmental permits required for any of Lessee's or sublessees' operations or activities will be subject to prior concurrence of the Commanding Officer, Engineering Field Activity West, Naval Facilities Engineering Command. Lessee acknowledges that the Government will not consent to being named a secondary discharge or co-permittee for any operations or activities of the Lessee or any sublessee under the Lease. In the event the Government is named as a secondary discharger or co-permittee for any activity or operation of the Lessee or any sublessee, Government shall have the right to take reasonable actions necessary to prevent, suspend, or terminate such activity or operation, including terminating this Lease, without liability or penalty.

13.3 Government's rights under this Lease specifically include the right for Government officials to inspect upon reasonable notice the Leased Premises for compliance with environmental, safety and occupational health laws and regulations, whether or not Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. Government will give Lessee or sublessee twenty-four (24) hours prior notice of its intention to enter Leased Premises unless it determines the entry is immediately required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, contractor or subcontractor thereof.

13.4 Government and its officers, agents, employees, contractors and subcontractors have the right, upon reasonable notice to Lessee and any sublessee, to enter upon the Leased Premises for the purposes enumerated in this subparagraph:

13.4.1 to conduct investigations and surveys, including, where necessary, drilling, soil and water sampling, testpitting, testing soil borings and other activities related to the Installation Restoration Program (IRP);

13.4.2 to inspect field activities of Government and its contractors and subcontractors in implementing the IRP;

13.4.3 to conduct any test or survey related to implementation of the IRP or environmental conditions at Leased Premises or verify any data submitted to EPA or applicable state equivalent by Government relating to such conditions;

13.4.4 to construct, operate, maintain or undertake any other response or remedial action as required or necessary under the IRP, including but not limited to monitoring wells, pumping wells and treatment facilities.

13.5 Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP during the course of any of the above described response or remedial actions. Any inspection, survey, investigation or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by Lessee and any sublessee. Lessee and sublessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor or subcontractor thereof. In addition, Lessee shall comply with all applicable Federal, state and local occupational safety and health regulations.

13.6 Lessee further agrees that if the Leased Premises are subject to ongoing environmental remediation by Government, during such period, Lessee shall provide to EPA and applicable state equivalent by certified mail a copy of any sublease of the Leased Premises within fourteen (14) calendar days after the effective date of such sublease. Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment or sublease furnished pursuant to this condition.

13.7 Lessee shall strictly comply with the hazardous waste permit requirements under the Resource Conservation and Recovery Act or its applicable state equivalent. Except as specifically authorized by Government in writing, Lessee must provide at its own expense such hazardous waste management facilities as required by its use of the Leased Premises, complying with all laws and regulations. Government hazardous waste management facilities will not be available to Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this Lease.

13.8 DOD component accumulation points for hazardous and other waste will not be used by Lessee or any sublessee. Neither will Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of DOD Component.

13.9 Before beginning operations on the Leased Premises, Lessee shall have a Government-approved plan for responding to hazardous waste, fuel and other chemical spills. Such plan shall be independent of the Installation plan and, except for initial fire

response and/or spill containment, shall not rely on the use of Installation personnel or equipment. Should Government provide to the Leased Premises any personnel or equipment whether for initial fire response and/or spill containment, or otherwise on request of Lessee, or because Lessee was not, in the reasonable opinion of Government, conducting timely cleanup actions, Lessee agrees to reimburse Government for its reasonable and actual costs in association with such response or cleanup upon receipt of an invoice for such costs.

13.10 Lessee shall not conduct or permit its sublessees to conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Government, which consent shall not be unreasonably withheld or delayed.

13.11 To the extent required by law and regulation, Government shall abate, remove or otherwise remedy all friable, accessible and damaged asbestos containing material (ACM), lead based paint (LBP) and polychlorinated biphenyls (PCBs) from Leased Premises. The presence of known ACM, LBP or PCBs shall be fully identified in an Environmental Baseline Survey (EBS) and/or Supplemental Environmental Baseline Survey (SEBS), attached as an Exhibit.

13.11.1 Except as provided in Paragraph 13.11.2, Government is not responsible for any removal or containment of asbestos containing materials (ACM). If Lessee intends to make any improvements or repairs that require the removal of asbestos, an appropriate asbestos disposal plan must be incorporated into the plans and specifications and submitted to Government. The asbestos disposal plan will identify the proposed disposal site for the asbestos, or in the event the site has not been identified, will provide for disposal at a licensed facility authorized to receive it.

13.11.2 Government shall be responsible for the removal or containment of the ACM identified as requiring abatement shown on Exhibit G attached hereto as damaged or deteriorated ACM. Government agrees to abate these listed items of damaged or deteriorated ACM. Government may choose the most economical means of abating any damaged or deteriorated ACM, which may include removal, repair or containment (encapsulation), or a combination of removal, repair and containment. The forgoing obligation of Government does not apply to any ACM other than that identified in Exhibit G. Notwithstanding Paragraph 13.11.1 above, in an emergency, Lessee will notify Government as soon as practicable of its emergency ACM responses. Lessee shall be responsible for monitoring the condition of existing ACM on Leased Premises for deterioration or damaged and accomplishing repairs or abatement pursuant to the applicable conditions of this Lease.

13.12 Lessee shall indemnify and hold harmless Government from any costs, expenses, liabilities, fines or penalties resulting from discharges, emissions, spills, storage or disposal arising from Lessee's occupancy, use or operations, or any other action by Lessee or any sublessee during the term of this Lease giving rise to Government liability

under Federal, state or local environmental laws. Lessee's obligations hereunder shall apply whenever Government incurs costs or liabilities as a result of Lessee's activities or activities of any sublessee as provided hereunder. However, this indemnity does not extend to those damages which are due to the fault or negligence of Government or its contractors. This provision shall survive the expiration or termination of this Lease.

13.13 The responsibility of Government to indemnify and hold harmless the Lessee and any sublessee against any toxic torts and other environmental claims shall be in accordance with Public Law 102-484, the National Defense Authorization Act for Fiscal Year 1993, Section 330, as amended.

13.14 If Lessee or a sublessee encounters pre-existing conditions caused by the Government which require the Government to take action in accordance with Federal, State or local law to remove, remediate, correct, or abate hazardous substances, pollutants or contaminants, the Lessee or sublessee shall promptly notify the Government, cease performance, and secure the work site. Vacation of the Leased Premises, or any part thereof, will be directed pursuant to the provisions of Section 15 of this Lease. The Government will take necessary and appropriate actions, as required by Federal, State or local law, and bear the cost of such removal, remediation, corrective action, or abatement, subject to the availability of funds for such purpose.

14. **TERMINATION:**

14.1 Government shall have the right to terminate this Lease, in whole or in part, without liability, upon thirty (30) calendar days written notice:

14.1.1 In the event of the Government making a final decision on disposal of the Leased Premises that is inconsistent with continued use thereof by Lessee under this Lease; or

14.1.2 In the event of a national emergency as declared by the President or the Congress of the United States and Government makes a determination that such national emergency requires termination of this Lease; or

14.1.3 If, at any time after January 1, 2003, (a) Government has complied with all applicable legal requirements to convey fee title to the Premises, (b) Government has satisfied in full all of its obligations under this Lease, (c) Government tenders to Lessee a conveyance of fee ownership of the Premises after negotiating in good faith with respect to establishing reasonable terms, conditions of, and consideration for such conveyance, and (d) Lessee fails to accept such conveyance within one hundred eighty (180) calendar days of written notice of such tender; or

14.1.4 In the event of a breach by Lessee of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, Lessee shall be afforded thirty (30) calendar days from the receipt of Government's written notice of intent to terminate to complete performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease, unless Government determines that a shorter period is required for safety, environmental, operations or security purposes. In the event that Government shall elect to terminate this Lease on account of the breach by Lessee of any of the terms and conditions, Government shall be entitled to recover and Lessee shall pay to Government:

14.1.4(a) The costs incurred in resuming possession of the Leased Premises.

14.1.4(b) The costs incurred in performing any obligation on the part of the Lessee to be performed hereunder, but only after notice to Lessee and the expiration of all applicable cure periods.

14.1.4(c) An amount equal to the aggregate of any maintenance obligations and charges assumed hereunder and not paid or satisfied, which amounts shall be due and payable at the time when such obligations and charges would have accrued or become due and payable under this Lease.

14.2 Lessee shall have the right to terminate this Lease upon thirty (30) calendar days written notice to Government in the event of breach by Government of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, Government shall be afforded thirty (30) calendar days from the receipt of Lessee's notice of intent to terminate to complete performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease. Lessee shall also have the right to terminate this Lease in the event of damage to or destruction of all of the improvements on Leased Premises or such a substantial portion thereof as to render Leased Premises incapable or impracticable of use for the purposes for which it is leased hereunder, provided:

14.2.1 Government either has not authorized or directed the repair, rebuilding or replacement of the improvements or has made no provision for payment for such repair, rebuilding or replacement by application of insurance proceeds or otherwise; and

14.2.2 That such damage or destruction was not occasioned by the fault or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees or invitees, or by any failure or refusal on the part of Lessee to fully perform its obligations under this Lease.

14.2.3. If Government requires Lessee or any sublessee to vacate all or a substantial portion of Leased Premises pursuant to any provision of this Lease for a period in excess of thirty (30) calendar days, Lessee may terminate this Lease by written notice to Government given at any time while Lessee shall continue to be denied use of all or a substantial portion of Leased Premises. Lessee shall thereafter surrender possession of Leased Premises within fifteen (15) calendar days of such notice.

15. ENVIRONMENTAL CONTAMINATION:

In the event environmental contamination is discovered on the Leased Premises which creates, in Government's determination, an imminent and substantial endangerment to human health or the environment which necessitates evacuation of the Leased Premises, and notwithstanding any other termination rights and procedures contained in this Lease, Lessee shall vacate or require any sublessee to vacate Leased Premises immediately upon notice from Government of the existence of such a condition. Exercise of this right by Government shall be without liability, except that Lessee shall not be responsible for the payment of consideration, the amount of deduction to be determined on a daily pro-rata basis, during the period Leased Premises is vacated, and Lessee shall have the right to terminate this Lease if, as provided in Section 14.2 above, Lessee or any sublessee is deprived of the beneficial use and occupancy of the Leased Premises for a period in excess of thirty (30) days. Government's exercise of this right herein to order the Leased Premises immediately vacated does not alone constitute a termination of the Lease, but such right may be exercised in conjunction with any other termination rights provided in this Lease or by law.

16. NON-ENVIRONMENTAL INDEMNIFICATION BY LESSEE:

The Lessee shall hold harmless, indemnify, and defend the Government from and against any suit, claim, demand or action, liability, judgment, cost or other fee arising out of any claim for injury or damage that results from, or is any manner predicated upon activities of the Lessee on the Leased Property during the term of the Lease. This indemnification applies to any fines, claims, demands and causes of action of every nature whatsoever which may be made upon, sustained or incurred by Government by reasons of any breach, violation, omission or non-performance of any term, covenant or condition hereof on the part of Lessee or the employees, agents, servants, guests, invitees and sublessees of Lessee. This indemnification also applies to claims arising out of the furnishing of any utilities or services by Government or any interruption therein or failure thereof, whether or not the same shall be occasioned by the negligence or lack of diligence of Lessee, its officers, agents, servants, employees or sublessees. However, this indemnity does not extend to those damages which are due to the fault or negligence of Government or its contractors. This covenant shall survive the termination of this Lease.

17. INSURANCE:

17.1 At the commencement of this Lease, Lessee shall obtain, from a reputable insurance company or companies, liability insurance or shall maintain a program of self-insurance. The insurance shall provide an amount not less than a minimum combined single limit of \$3 million, for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, property damage or both, suffered or alleged to have been suffered by any person or persons resulting from the operations of Lessee, sublessees, contractors and invitees under the terms of this Lease. Lessee shall provide Government certificates of its self-insurance or require its insurance company to furnish Government a copy of the policy or policies, or if acceptable to Government, certificates of insurance evidencing the purchase of such insurance. The minimum amount of liability insurance coverage is subject to revision by Government every three years or upon renewal or modification of this Lease.

17.2 As to those structures and improvements on Leased Premises constructed by or owned by Government, Lessee shall procure and maintain at Lessee's cost a standard fire and extended coverage insurance policy or policies or a program of self-insurance on the Leased Premises in an amount sufficient to demolish damaged or destroyed structures and improvements, remove debris and clear the Leased Premises. Should Lessee elect to purchase commercial insurance in lieu of self-insurance, Lessee shall procure such insurance from a reputable company or companies. In that event, the insurance policy shall provide that in the event of loss thereunder, the proceeds of the policy or policies, at the election of Government, shall be payable to Lessee to be used solely for the demolition of damaged or destroyed structures and improvements, removal of debris and clear the Leased Premises or for repair, restoration, or replacement of the property damaged or destroyed. Any balance of the proceeds not required for such purposes shall be paid to Government. If Government does not elect, by notice in writing to the insurer within thirty (30) calendar days after the damage or destruction occurs, to have the proceeds paid to Lessee for the purposes herein above set forth, then such proceeds shall be paid to Government, provided however that the insurer, after payment of any proceeds to Lessee in accordance with the provision of the policy or policies, shall have no obligation or liability with respect to the use or disposition of the proceeds by Lessee. Nothing herein contained shall be construed as an obligation upon Government to repair, restore or replace Leased Premises or any part thereof.

17.3 If and to the extent required by law, Lessee shall provide workmen's compensation or similar insurance or self-insurance in form and amounts required by law.

17.4 During the entire period this Lease shall be in effect, Lessee shall require its contractors or sublessees or any contractor performing work at Lessee's or sublessee's request on Leased Premises to carry and maintain the insurance required below:

17.4.1 Comprehensive general liability insurance, including, but not limited to, contractor's liability coverage and contractual liability coverage, of not less than \$3 million, per occurrence with respect to personal injury or death, and \$5 million, per occurrence with respect to property damage.

17.4.2 Workman's compensation or similar insurance in form and amounts required by law.

17.5 Should Lessee purchase commercial insurance in lieu of self-insurance, all insurance which this Lease requires Lessee or sublessee to carry and maintain or cause to be carried or maintained shall be in such form, for such periods of time, and with such insurers as Government may reasonably require or approve. In that event, all policies or certificates issued by the respective insurers for public liability and property insurance will name Government as an additional insured, provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Lessee or Government or any other person, provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least thirty (30) calendar days after receipt by Government of written notice thereof; provide that the insurer shall have no right of subrogation against Government; and be reasonably satisfactory to Government in all other respects. In no circumstances will Lessee be entitled to assign to any third party, rights of action which Lessee may have against Government.

17.6 Lessee and sublessees shall deliver or cause to be delivered promptly to Government a certificate of insurance or self-insurance evidencing the insurance required by this Lease and shall also deliver no later than thirty (30) calendar days prior to expiration of any such policy, a certificate of insurance evidencing each renewal policy covering the same risks.

18. LABOR PROVISION:

During the term of this Lease, Lessee agrees as follows:

18.1 Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Lessee shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Government setting forth the provisions of this nondiscrimination clause.

18.1.1 Lessee shall, in all solicitations or advertisements for employees placed at Leased Premises by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

18.1.2 Lessee shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by Government, advising the labor union or worker's representative of Lessee's commitments under this equal opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment

18.1.3 Lessee shall comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor.

18.1.4 Lessee shall furnish all information and reports required by Executive order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor or pursuant thereto, and will permit access to his books, records and accounts by Government and the Secretary of Labor for purposes of investigating to ascertain compliance with such rules, regulations and orders.

18.1.5 In the event of Lessee's noncompliance with the equal opportunity clause of this Lease or with any of said rules, regulations or orders, this Lease may be canceled, terminated or suspended in whole or in part, after the expiration of all applicable cure periods, and Lessee may be declare ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended by Executive order 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, or by rule, regulation or order of the Secretary of Labor, or otherwise provided by law.

18.1.6 Lessee will include the above provisions in every sublease unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, so that such provisions will be binding upon each sublessee. Lessee will take such action with respect to any sublessee as Government may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Lessee becomes involved, or is threatened with litigation with sublessee as a result of such direction by Government, Lessee may request the United States to enter into such litigation to protect the interest of the United States.

18.2 This Lease, to the extent that it is a contract of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) and is not covered by the Walsh-Healy Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and exceptions of said Contract Work Hours and Safety Standards Act and to all other provisions and exceptions of said law.

18.2.1 Lessee shall not require or permit any laborer or mechanic in any workweek in which he is employed on any work under this Lease to work in excess of 40 hours in such work week on work subject to the provisions of the Contract Work Hours Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 40 hours in such work week. The "basic rate of pay", as used in this clause, shall be the amount paid per hour, exclusive of Lessee's contribution or cost for fringe benefits and any cash payment made in lieu of providing fringe benefits or the basic hourly rate contained in the wage determination, whichever is greater.

18.2.2 In the event of any violation of the provision of Paragraph 18.2.1, Lessee shall be liable to any affected employee for any amounts due, and to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph 18.2.1 in the sum of ten \$10.00 for each calendar day on which such employee was required or permitted to be employed on such work in excess of the standard workday of 8 hours or in excess of the standard work week of 40 hours without payment of the overtime wages required by Paragraph 18.2.1.

18.3 In connection with the performance of work required by this Lease, Lessee agrees not to employ any person undergoing a sentence of imprisonment at hard labor.

19. SUBMISSION OF NOTICES:

Notices shall be sufficient under this Lease if made in writing and to the addressees as

Lessee: City and County of San Francisco
Mr. Larry Florin
San Francisco Mayor's Office
Treasure Island Project
410 Palm Ave. Bldg. 1, Room 237
Treasure Island
San Francisco, CA 94130

Government: Commanding Officer (Attn: Code 624)
Engineering Field Activity - West
Naval Facilities Engineering Command
900 Commodore Drive
San Bruno, CA 94066-5000

The individuals so designated above shall be representatives of the parties and the points of contact during the period of this Lease.

20. **AUDIT:**

This Lease shall be subject to audit by any and all cognizant Government agencies. Lessee shall make available to such agencies for use in connection with such audits all records which it maintains with respect to this Lease and copies of all reports required to be filed hereunder.

21. **AMENDMENTS:**

This Lease shall not be amended or modified unless in writing and signed by both parties. No oral statements or representation made by, for or on behalf of either party shall be a part of this Lease. Should a conflict arise between the provisions of this Lease and any exhibit hereto, or any other agreement between Government and Lessee, the provisions of this Lease shall take precedence.

22. **FAILURE TO INSIST ON COMPLIANCE:**

The failure of Government or Lessee to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Lease shall not be construed as a waiver or relinquishment of Government's or Lessee's right to the future performance of any such terms, covenants or conditions and Government's and Lessee's respective obligations in respect of such future performance shall continue in full force and effect.

23. **DISPUTES:**

23.1 This lease is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613) (the Act).

23.2 Except as provided in the Act, all disputes arising under or relating to this Lease shall be resolved under this clause.

23.3 "Claim", as used in this clause, means a written demand or written assertion by Lessee or Government seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of lease terms, or other relief arising under or relating to this Lease. A claim arising under this Lease, unlike a claim relating to this Lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the claimant. However, a written demand or written assertion by Lessee seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph 23.4 below. A voucher, invoice or other routine

request for payment that is not in dispute when submitted, is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

23.4 A claim by Lessee shall be made in writing and submitted within six (6) years after accrual of the claim, to the Engineering Field Activity West (ATTN.: Code 624), Naval Facilities Engineering Command, 900 Commodore Drive, San Bruno, CA 94066-5006 herein called "Command", for a written decision. A claim by the Government against Lessee shall be subject to a written decision by the Command.

23.4.1 Lessee shall provide the certification specified in subparagraph 23.4.3 of this clause when submitting any claim:

- (a) Exceeding \$100,000; or
- (b) Regardless of the amount claimed, when using:
 - (1) Arbitration conducted pursuant to 5 U.S.C. 575-580; or
 - (2) Any other alternative means of dispute resolution (ADR)

technique that the agency elects to use in accordance with the Administrative Dispute Resolution Act (ADRA).

23.4.2 The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

23.4.3 The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which Lessee believes Government is liable; and that I am duly authorized to certify the claim on behalf of Lessee."

23.4.4 The certification may be executed by any person duly authorized to bind Lessee with respect to the claim.

23.5 For Lessee claims of \$100,000 or less, the Command, must, if requested in writing by Lessee, render a decision within 60 calendar days of the request. For Lessee-certified claims over \$100,000, the Command, must, within 60 calendar days, decide the claim or notify Lessee of the date by which the decision will be made.

23.6 The Command's, decision shall be final unless Lessee appeals or files a suit as provided in the Act.

23.7 At the time a claim by the Lessee is submitted to the Command or a claim by Government is presented to Lessee, the parties, by mutual consent, may agree to use ADR. When using arbitration conducted pursuant to 5 U.S.C. 575-580, or when using

any other ADR technique that the agency elects to employ in accordance with the ADRA, any claim, regardless of amount, shall be accompanied by the certification described in Paragraph 23.4.3 of this clause, and executed in accordance with Paragraph 23.4.4 of this clause.

23.8 Government shall pay interest on the amount found due and unpaid by Government from (1) the date the Command receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Command initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury, as provided in the Act, which is applicable to the period during which the Command receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

23.9 Lessee shall proceed diligently with the performance of Lease, pending final resolution of any request for relief, claim, appeal or action arising under Lease, and comply with any decision of the Command.

24. COVENANT AGAINST CONTINGENT FEES:

Lessee warrants that no person or agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by Lessee for the purpose of securing business. For breach or violation of this warranty, Government shall have the right to annul this Lease without liability or in its discretion, to require Lessee to pay the full amount of such commission, percentage, brokerage or contingent fee.

25. OFFICIALS NOT TO BENEFIT:

No member of or delegate to Congress or Resident Commissioner, shall be admitted to any share or part of this Lease or to any benefit to arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

26. LIENS:

Lessee shall promptly discharge or cause to be discharged any valid lien, right in rem, claim or demand of any kind, except one in favor of Government, which at any time may arise or exist with respect to the Leased Property or materials or equipment furnished therefor, or any part thereof, and if the same shall not be promptly discharged by Lessee, or should Lessee or sublessee be declared bankrupt or make an assignment on behalf of creditors, or should the leasehold estate be taken by execution, Government reserves the

right to take immediate possession without any liability to Lessee or any sublessee. Lessee and any sublessee shall be responsible for any costs incurred by Government in securing clear title to its property.

27. TAXES:

Lessee shall pay or cause to be paid to the proper authority, when and as the same become due and payable, all taxes, assessments and similar charges which, at any time during the term of this Lease, may be imposed upon Lessee with respect to its operations of the Leased Premises. Title 10 United States Code, Section 2667(e) contains the consent of Congress to the Taxation of Lessee's interest in Leased Premises, whether or not the Leased Premises are in an area of exclusive federal jurisdiction. Should Congress consent to taxation of Government's interest in the property, this Lease will be renegotiated.

28 SUBJECT TO EXISTING AND FUTURE EASEMENTS AND RIGHTS- OF-WAY:

This Lease is subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in and upon Leased Premises or any portion thereof and to the right of Government to grant such additional easements and rights-of-way over, across, in and upon Leased Premises as it shall determine to be in the public interest; provided that any such additional easement or right-of-way shall be conditioned on the assumption by the grantee thereof of liability to Lessee for such damages as Lessee shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such easements and rights-of-way as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any Federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over Leased Premises as shall be necessary for the performance of their duties with regard to such facilities.

29. INGRESS-EGRESS AND PARKING:

Lessee and any sublessees will be granted reasonable access to Leased Premises under this Lease. Such access will be coordinated with Government. As a condition, Lessee and any sublessees agree to adhere to all base rules and regulations regarding installation security, ingress, egress, safety and sanitation as may be prescribed from time to time by Government. Parking will be coordinated with Government.

30. ADMINISTRATION:

Except as otherwise provided for under this Lease, Government shall, under the direction of the Command, have complete charge of the administration of this Lease, and shall exercise full supervision and general direction thereof insofar as the interests of Government are affected.

31. SURRENDER:

Upon the expiration of this Lease or its earlier termination in accordance with the terms of this Lease, Lessee shall quietly and peacefully remove itself and its property from Leased Premises and surrender the possession thereof to Government. Government may, in its discretion, declare any property which has not been removed from Leased Premises upon expiration or termination provided for above, as abandoned property upon giving to Lessee an additional 30 calendar days notice after the termination date.

32 INTEREST:

32.1 Notwithstanding any other provision of this Lease, unless paid within thirty (30) calendar days from the due date, all amounts that become payable by Lessee to Government under this Lease (net any applicable tax credit under the Internal Revenue Code) shall bear interest from the date due. The rate of interest will be the Current Value of Funds rate published by the Secretary of Treasury pursuant to 31 U.S.C. 3717 (Debt Collection Act of 1982).

32.1.1 Amounts shall be, subject to applicable cure periods, due upon the earliest of:

32.1.1(a) the date fixed pursuant to this Lease,

32.1.1(b) the date of the first written demand for payment, consistent with this Lease, including demand consequent upon default termination,

32.1.1(c) the date of transmittal by Government to Lessee of a proposed supplemental agreement to confirm completed negotiations fixing the amount,

32.1.1(d) if this Lease provides for revision of prices, the date of written notice to Lessee stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by Lease supplement.

33. AVAILABILITY OF FUNDS:

33.1 The Government's obligations under this Lease are subject to the availability of funds appropriated for such purposes. Nothing in this Lease shall be interpreted to require obligations or payments by Government which are in violation of the Anti-Deficiency Act (31 USC 1341).

34. SPECIAL PROVISIONS:

34.1 Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by Lessee under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of San Francisco, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds for the payment of any payments required under this Lease are not appropriated for any reason, then either party may terminate this Lease upon thirty (30) calendar days written notice and Lessee shall quietly and peacefully remove itself and its property from Leased Premises and surrender possession thereof to the Government. Notwithstanding the foregoing, this section 34.1 shall not in any way limit or otherwise impair Lessee's indemnification obligation arising under Sections 13.12 and 16 of this Lease.

34.2 Article 1.5 of the San Francisco Planning Code ("Code") requires the provision of bicycle storage at all properties leased by the City at no cost to the landlord, here the Government, and only if funds are available. In the event public and/or private donations, grants or other funds become available, at any time during this Lease, Lessee shall have the right to request that the Government amend this Lease to include space sufficient for the installation and operation of bicycle storage facilities. In the event of storage locker installation, the storage lockers shall be considered a trade fixture. Government, at no cost to Government, shall reasonably cooperate with City regarding the implementation of this Code.

34.3 The date on which this Lease shall become effective (the "Effective Date") is the date upon which (i) Lessee's Mayor and Board of Supervisors enact a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed by the parties hereto.

34.4 Lessee and/or sublessee shall not dispose of any hazardous materials or waste on the subject property.

34.5 Lessee and/or sublessee shall sign the disclosure form entitled: "Disclosure of Information of Lead-Based Paint and Lead-Based Paint Hazards, prior to taking occupancy of quarters specified in this lease.

34.6 Lessee and/or sublessee shall, at no cost to the Government, manage asbestos contained material (ACM) properly and shall comply with applicable Federal, State, and local laws related to asbestos.

34.7 Lessee and/or sublessee shall, at no cost to the Government, manage lead based-paint (LBP) properly and shall comply with applicable Federal, State and local laws related to LBP.

35. **LIST OF EXHIBITS:**

The following exhibits are a part of this Lease:

- Exhibit A - Leased Premises
- Exhibit B - Inventory of Personal Property
- Exhibit C - Joint Inspection Report
- Exhibit D - EBS and FOSL
- Exhibit E - Utility Rates Schedule
- Exhibit F - Safety and Health Hazards to be Corrected
- Exhibit G - Government's Obligations to Abate Asbestos

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth below duly executed this Lease as of the day and year first above written.

WITNESS

THE UNITED STATES OF AMERICA

_____ By: _____
Real Estate Contracting Officer

_____ Date: _____

THE CITY AND COUNTY OF SAN FRANCISCO

_____ By: _____

_____ Title: _____

_____ Date: _____

APPROVED AS TO FORM

CITY ATTORNEY

YERBA BUENA ISLAND HOUSING LEASE

21 JANUARY 1998
EXHIBIT A

■ EXCLUDED FROM LEASE

1 of 2

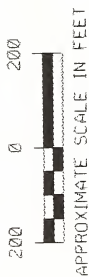
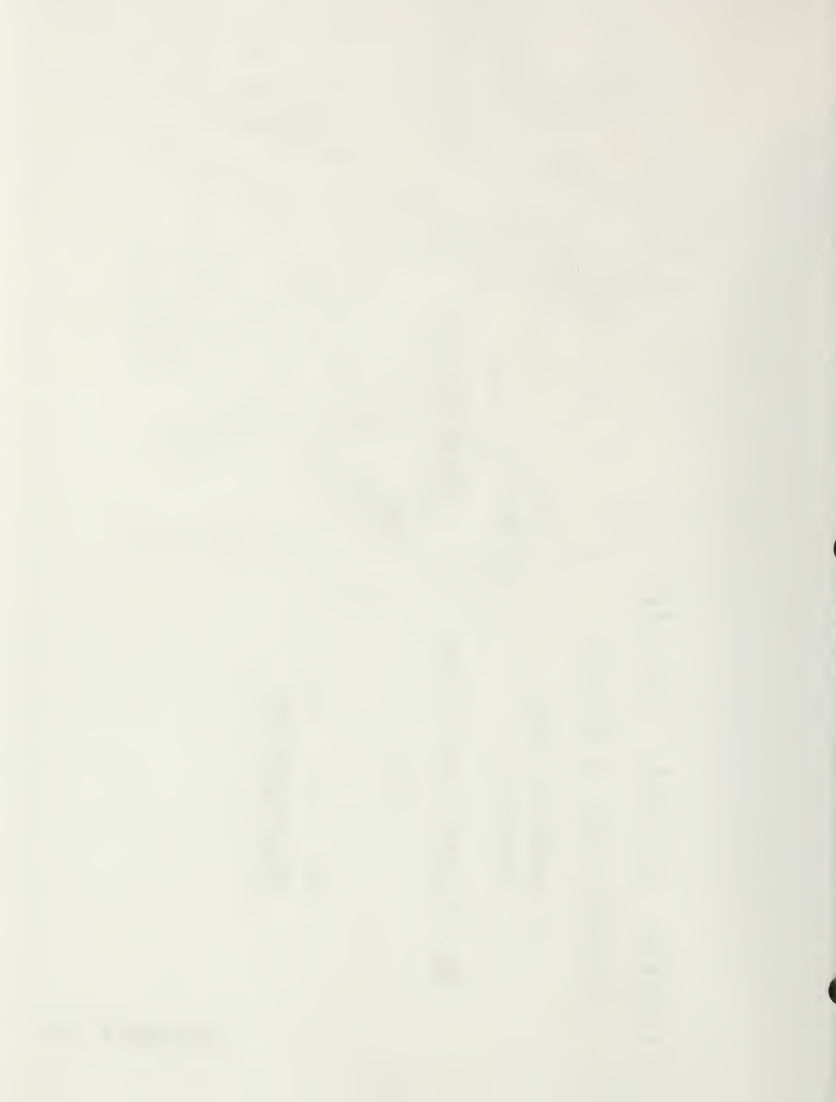


EXHIBIT A



YERBA BUENA ISLAND HOUSING LEASE

21 JANUARY 1998
EXHIBIT A

■ EXCLUDED FROM LEASE

2 of 2

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APPROXIMATE SCALE IN FEET

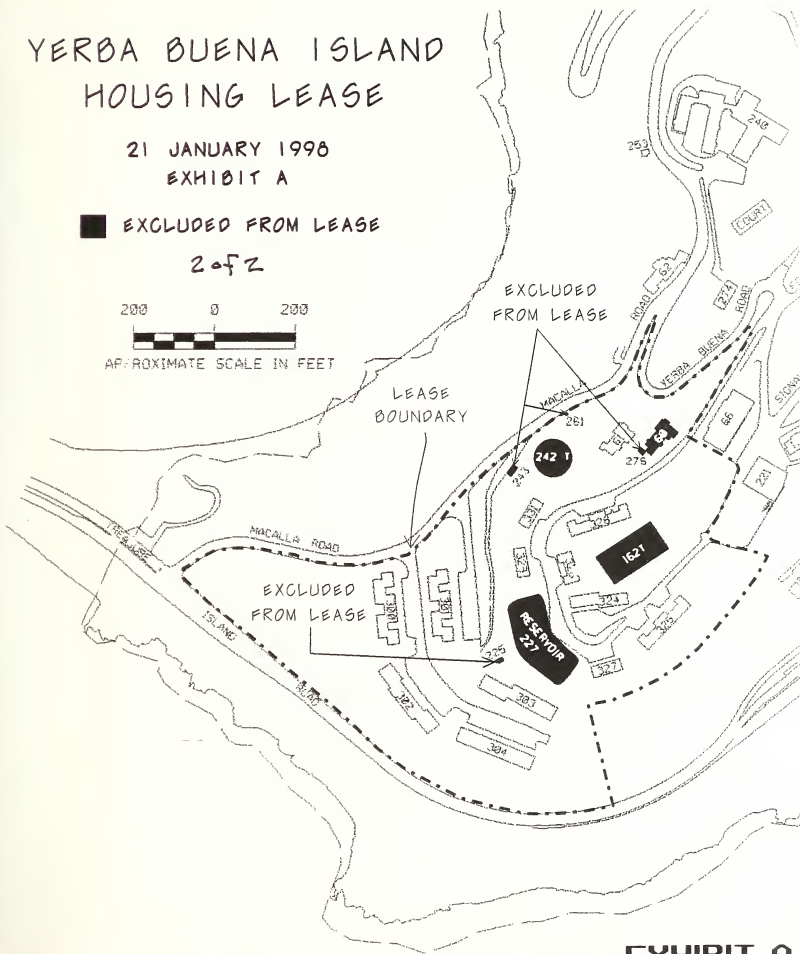


EXHIBIT A

2 of 2

EXHIBIT B

INVENTORY OF PERSONAL PROPERTY

EXHIBIT C

JOINT INSPECTION REPORT

To be completed at time of move-in by both parties.

EXHIBIT D

EBS AND FOSL

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Regarding Certain Insurance Matters

Agenda No. 11

Contact Person/Phone: Michael Cohen (City Attorney) 554-3911

Meeting Date 4-15-97

SUMMARY OF PROPOSED ACTION:

This item calls for the adoption by the Authority of a resolution authorizing the Project Office to (i) obtain Officers and Directors liability insurance on behalf of the Board of Directors of the Authority and, (ii) submit a proposed resolution to the Board of Supervisors seeking authorization to extend the City's program of self-insurance to the activities of the Authority.

BACKGROUND AND DESCRIPTION OF PROPOSED ACTION:

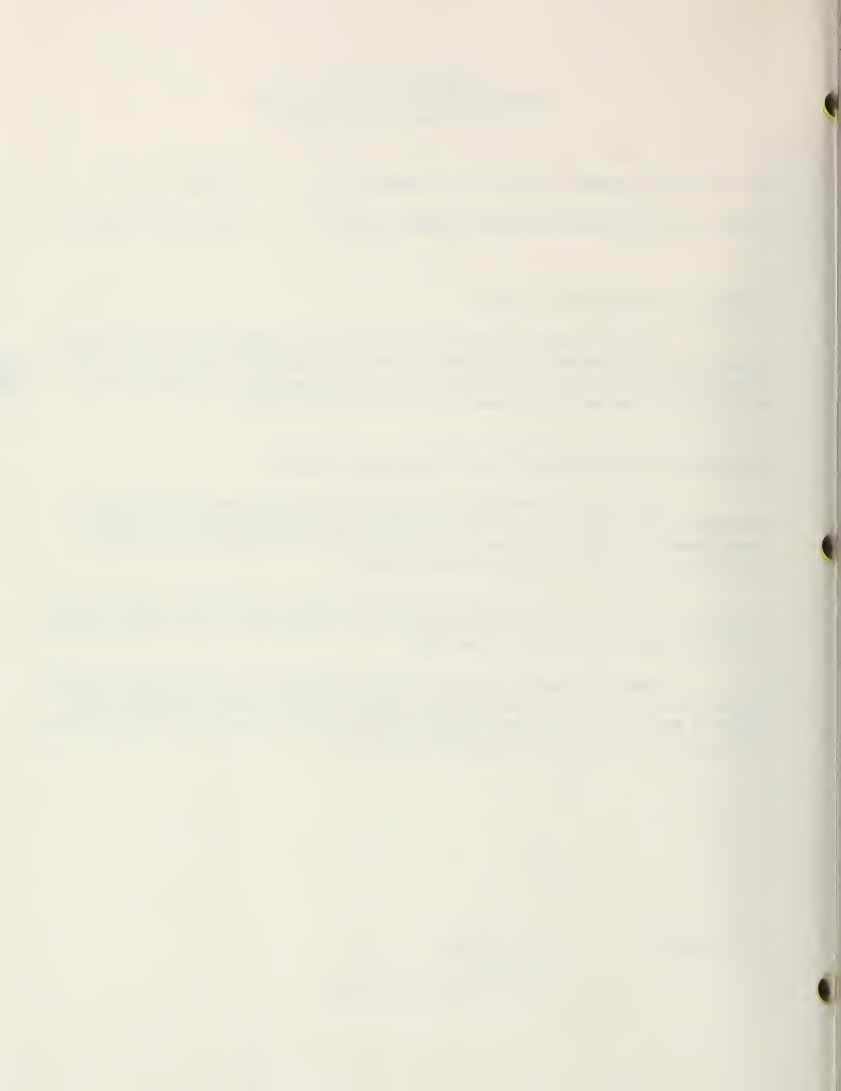
The City's Risk Manager has determined that the Authority can obtain approximately \$5,000,000 of Directors and Officers liability coverage, in substantially the form of the insurance coverage described in Exhibit A attached to the Resolution (the "O&D Policy") for approximately \$10,000 per year or \$20,000 for a three-year pre-paid policy

In order to lease property on the Base from the Navy, either the City's program of self-insurance must be extended to the activities of the Authority, or the revenues of the Authority will have to be used to purchase private policies of insurance.

Regardless of whether the Board of Supervisors authorizes extending the City's program of self-insurance to the activities of the Authority, the Project Office will work with the City's Risk Manager to obtain estimates of the costs of obtaining private policies of insurance that satisfy the Navy's requirements and address other risks associated with the Base.

ATTACHMENTS:

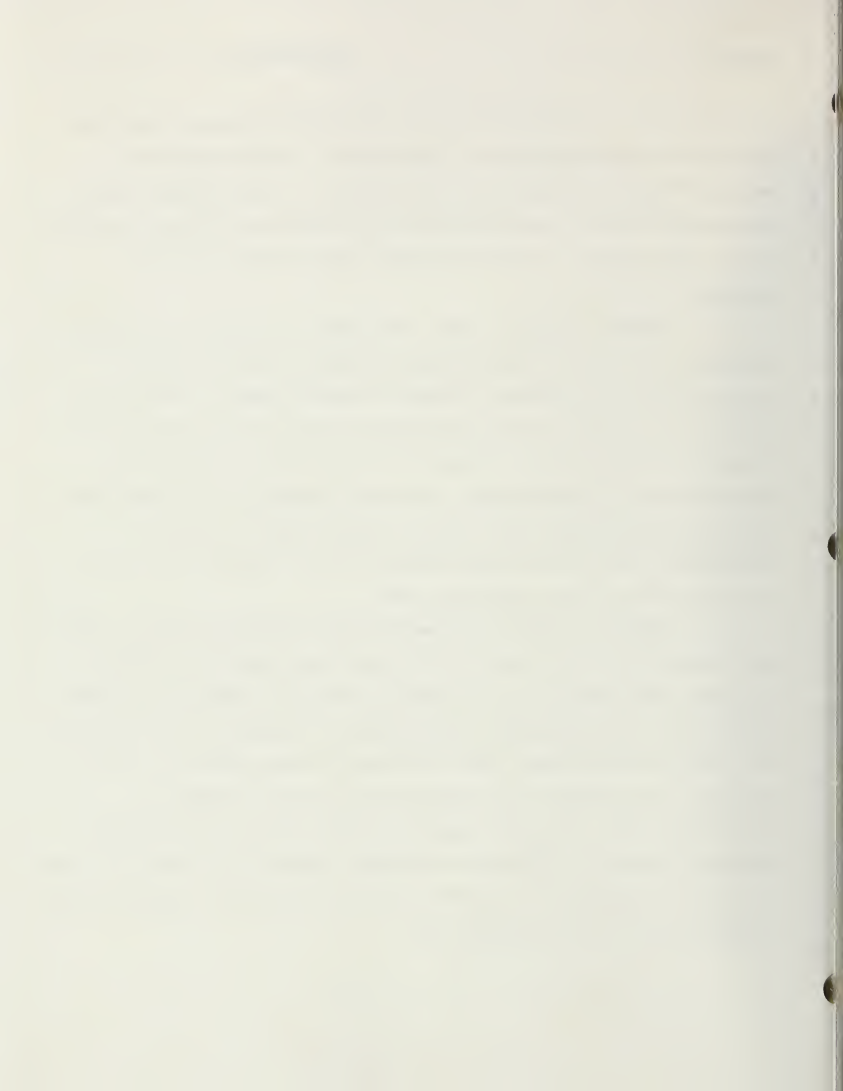
TIDA Resolution
O & D Policy
Board of Supervisors resolution



1 [Insurance for Activities of Treasure Island Development Authority]
2 REQUESTING THE CITY'S BOARD OF SUPERVISORS TO EXTEND THE CITY'S
3 PROGRAM OF SELF INSURANCE TO THE ACTIVITIES OF THE TREASURE ISLAND
4 DEVELOPMENT AUTHORITY AND AUTHORIZING THE EXECUTIVE DIRECTOR AND THE
5 CITY'S RISK MANAGER TO OBTAIN OFFICERS AND DIRECTORS LIABILITY
6 INSURANCE.

7 WHEREAS, On May 2, 1997, the Board of Supervisors passed
8 Resolution No. 380-97, authorizing the Mayor's Treasure Island
9 Project Office to establish a nonprofit public benefit corporation
10 known as the Treasure Island Development Authority (the "Authority")
11 to act as a single entity focused on the planning, redevelopment,
12 reconstruction, rehabilitation, reuse and conversion of former Naval
13 Station Treasure Island (the "Base") for the public interest,
14 convenience, welfare and common benefit of the inhabitants of the
15 City and County of San Francisco; and,

16 WHEREAS, Under the Treasure Island Conversion Act of 1997,
17 which amended Section 33492.5 of the California Health and Safety
18 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
19 (the "Act"), the California legislature (i) designated the Authority
20 as a redevelopment agency under California redevelopment law with
21 authority over the Base upon approval of the City's Board of
22 Supervisors, and, (ii) with respect to those portions of the Base
23 which are subject to the Tidelands Trust, vested in the Authority the
24 authority to administer the public trust for commerce, navigation and
25 fisheries as to such property; and



1 WHEREAS, The Tidelands Trust prohibits the sale of trust
2 property into private ownership, generally requires that Tidelands
3 Trust property be accessible to the public and encourages public-
4 oriented uses of trust property that, among other things, attract
5 people to the waterfront, promote public recreation, protect habitat
6 and preserve open space; and

7 WHEREAS, The assets, property and income of the Authority
8 are held in trust for the public benefit of the City and County of
9 San Francisco; and,

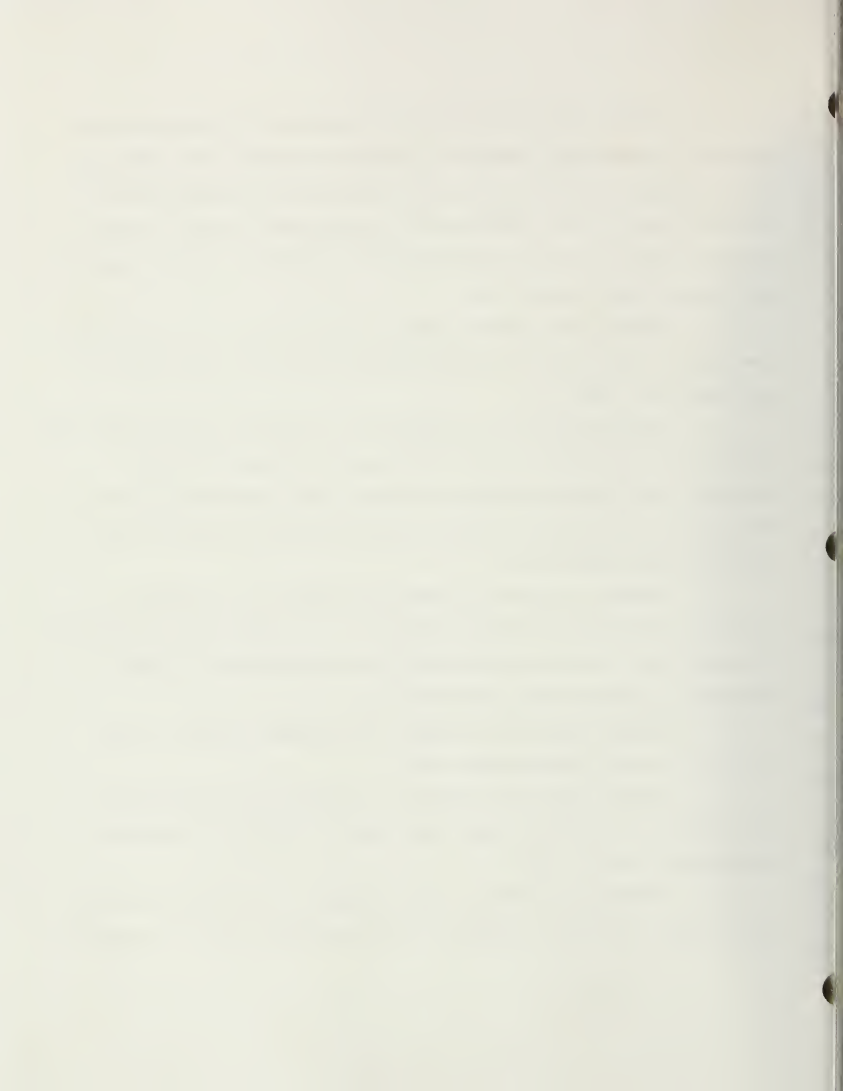
10 WHEREAS, Because the Authority is subject to the budget and
11 fiscal provisions of the City's Charter, all revenues of the
12 Authority shall be maintained in accounts established by the City's
13 Controller and Treasurer and are subject to appropriation by the
14 Board of Supervisors; and,

15 WHEREAS, In order to foster conversion of the Base to
16 civilian reuse prior to final conveyance of the Base from the Navy to
17 the Authority, it will be necessary for the Authority to lease
18 portions of the Base from the Navy; and,

19 WHEREAS, The Navy's leases for Treasure Island include
20 certain insurance requirements; and,

21 WHEREAS, The City maintains a program of self-insurance
22 that covers the types of risks identified in the Navy's insurance
23 requirements; and

24 WHEREAS, in order to lease property on the Base from the
25 Navy, either the City's program of self-insurance must be extended to



1 the activities of the Authority, or the revenues of the Authority
2 will have to be used to purchase private policies of insurance; and,

3 WHEREAS, the City's Risk Manager has determined that the
4 Authority can obtain approximately \$5,000,000 of Directors and
5 Officers liability coverage, in substantially the form of the
6 insurance coverage described in Exhibit A attached to this Resolution
7 (the "O&D Policy") for approximately \$10,000 per year or \$20,000 for
8 a three-year pre-paid policy; now, therefore, be it

9 RESOLVED, That the Authority hereby authorizes the
10 Executive Director to take all steps necessary for, and urges the
11 City's Board of Supervisors to adopt a resolution substantially in
12 the form of the Resolution attached hereto as Exhibit B authorizing,
13 the extension of the City's program of self-insurance to cover the
14 activities of the Authority; and, be it

15 FURTHER RESOLVED, That the Executive Director is hereby
16 authorized to purchase the O&D Policy, subject to certification by
17 the Authority's Finance Director and/or the City's Controller that
18 sufficient funds are available to pay for such O&D Policy.



CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on March 18, 1998.

John Elberling, Secretary



EXHIBIT A

"O & D POLICY"



**DECLARATIONS
DIRECTORS AND OFFICERS / ORGANIZATION
LIABILITY POLICY**

NOTICE: THIS POLICY SUBJECT TO ITS TERMS APPLIES ONLY TO ANY "CLAIM" (AS DEFINED HEREIN) MADE AGAINST THE DIRECTORS AND OFFICERS OR THE ORGANIZATION DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS SHALL BE REDUCED AND MAY BE EXHAUSTED BY AMOUNTS INCURRED AS "COSTS, CHARGES AND EXPENSES" (AS DEFINED HEREIN) AND "COSTS, CHARGES AND EXPENSES" SHALL BE APPLIED TO THE RETENTIONS. THIS POLICY PROVIDES A DUTY BY UNDERWRITERS TO DEFEND THOSE INSURED UNDER THE POLICY.

These Declarations along with the completed signed Application, including attachments, and the Policy with Endorsements shall constitute the contract between the Organization, its Directors and Officers and Underwriters.

Item A. Parent Organization:

Principal Address:

State of Incorporation:

Item B. Policy Period: to , both days at 12.01 a.m. Standard Time At The
Principal Address Stated in Item A.

Item C. Limit of Liability: US\$ in the aggregate each Policy Year.

Item D. Retention: US\$ each Claim

Item E. Premium: US\$

Item F. Premium for Optional Extension Period: % of the total premium as provided in Clause IX., to be paid only if the eligibility requirements are met and the option is exercised.

Item G. Notification to Underwriters pursuant to Clause VII. shall be given to:
Wilson, Elser, Moskowitz, Edelman & Dicker, c/o Raymond J. Jast, 120 N. LaSalle Street,
Chicago, Illinois 60602

Service of Suit in accordance with Clause XIV. shall be made upon:
Mendes & Mount, 750 Seventh Avenue, New York, New York 10019-6829

Item H. Form numbers of endorsements attached at issuance:

Nuclear incident Exclusion Clause - Liability - Direct (Broad) NMA 1256
Radioactive Contamination Exclusion Clause - Liability - Direct NMA 1477
Short Rate Cancellation Table - NMA 45

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LIABILITY POLICY

In consideration of the payment of the premium, in reliance upon the statements in the Application attached hereto and made a part hereof, subject to the Declarations made a part hereof and subject to all of the terms of this Policy, Underwriters agree as follows:

I. INSURING CLAUSE

Underwriters shall pay on behalf of the Assureds all Loss sustained by the Assureds as a result of a Claim first made for a Wrongful Act during the Policy Period or, if applicable, the Optional Extension Period.

II. DUTY TO DEFEND

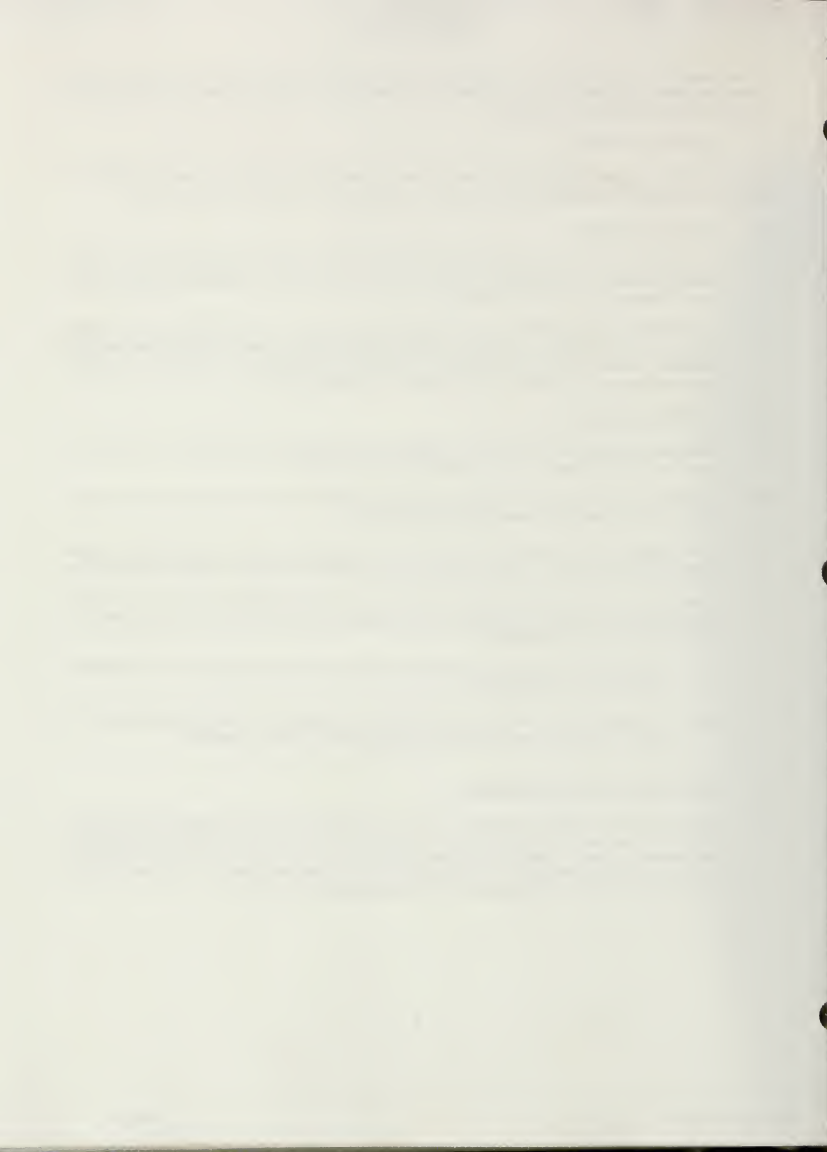
- A. Underwriters shall have the right and duty to defend any Claim, even if the allegations are groundless, false or fraudulent. Underwriters shall appoint counsel and pay all Costs, Charges and Expenses subject to the Retention and the Limit of Liability.
- B. Notwithstanding Paragraph II.A., Underwriters shall have no right or duty to defend, continue to defend and to pay Costs, Charges and Expenses of any Claim(s) after the Limit of Liability has been made available, tendered or paid by Underwriters to the Insureds, irrespective of whether the availability, tender or payment of the Limit of Liability resolves the Claim(s) or not.

III. LIMIT OF LIABILITY

- A. Underwriters shall be liable to pay one hundred percent (100%) of Loss which is in excess of the Retention up to the Limit of Liability resulting from each Claim.
- B. The Limit of Liability shall be the maximum aggregate liability of Underwriters for all Loss as a result of any and all Claims first made during the Policy Period.
- C. Costs, Charges and Expenses shall be part of and not in addition to the Limit of Liability, and such Costs, Charges and Expenses shall reduce the Limit of Liability and shall be subject to the Retention.
- D. More than one Claim involving the same Wrongful Act or Interrelated Wrongful Acts of the Assureds shall be deemed to constitute a single Claim and such single Claim shall be deemed to have been made at the earliest of the following times:
 - (1) at the time in which the earliest Claim involving the same Wrongful Act or Interrelated Wrongful Acts is first made, or
 - (2) at the time in which the Claim involving the same Wrongful Act or Interrelated Wrongful Acts shall be deemed to have been made pursuant to Clause VII.B., if applicable.

IV. SETTLEMENTS AND COOPERATION

- A. The Assureds shall not admit any liability or agree to any judgment or settlement without Underwriters' prior written consent. Underwriters shall not be liable for any admission of liability or agreement to any payment, judgment or settlement without Underwriters' prior written consent, such consent shall not be unreasonably withheld. The Assureds shall not take any action which in any way increases Underwriters' exposure for Loss under this Policy resulting from any Claim.



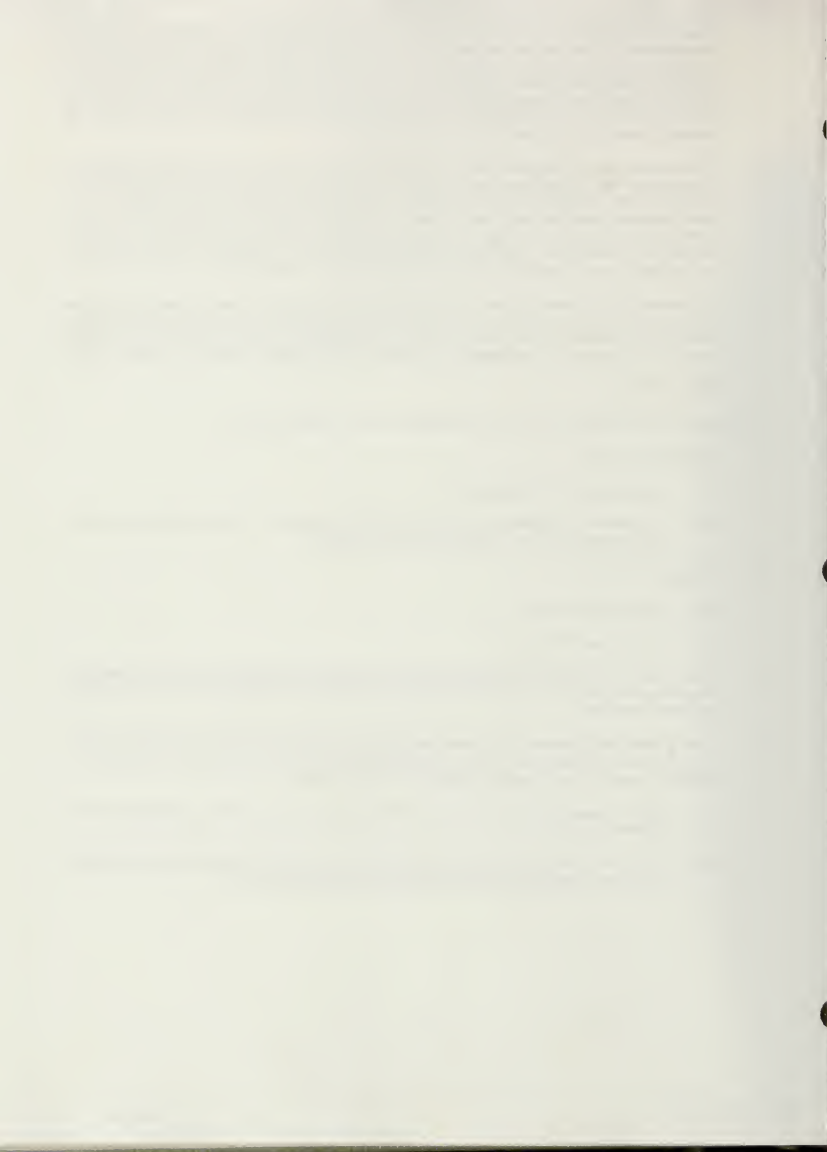
Retention, subject to the consent of the Assureds. If the Assureds refuse to consent to any settlement recommended by Underwriters, Underwriters may then withdraw from the defense of the Assureds by tendering control of the defense to the Assureds, and the Assureds shall thereafter be obligated to pay all Costs, Charges and Expenses and defend such Claim independently of Underwriters. Underwriters' liability for such Claim is limited to the amount in excess of the Retention which Underwriters would have contributed to the settlement had the Assureds consented to settlement plus Costs, Charges and Expenses incurred up to the date of such refusal to settle.

- C. The Assureds agree to cooperate with Underwriters, and provide such assistance and information as Underwriters may reasonably request. Upon Underwriters' request, the Assureds shall submit to examination and interrogation by a representative of Underwriters, under oath if required, and shall attend hearings, depositions, trials and shall assist in the conduct of suits including, but not limited to, effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to Underwriters' representatives and meeting with such representatives for the purpose of investigation and/or defense, all of the above without charge to Underwriters.
- D. The Assureds shall execute all papers required and shall do everything that may be necessary to secure and preserve any rights of indemnity, contribution or apportionment which the Assureds may have, including the execution of such documents as are necessary to enable Underwriters to bring suit in their name, and shall provide all other assistance and cooperation which Underwriters may reasonably require.

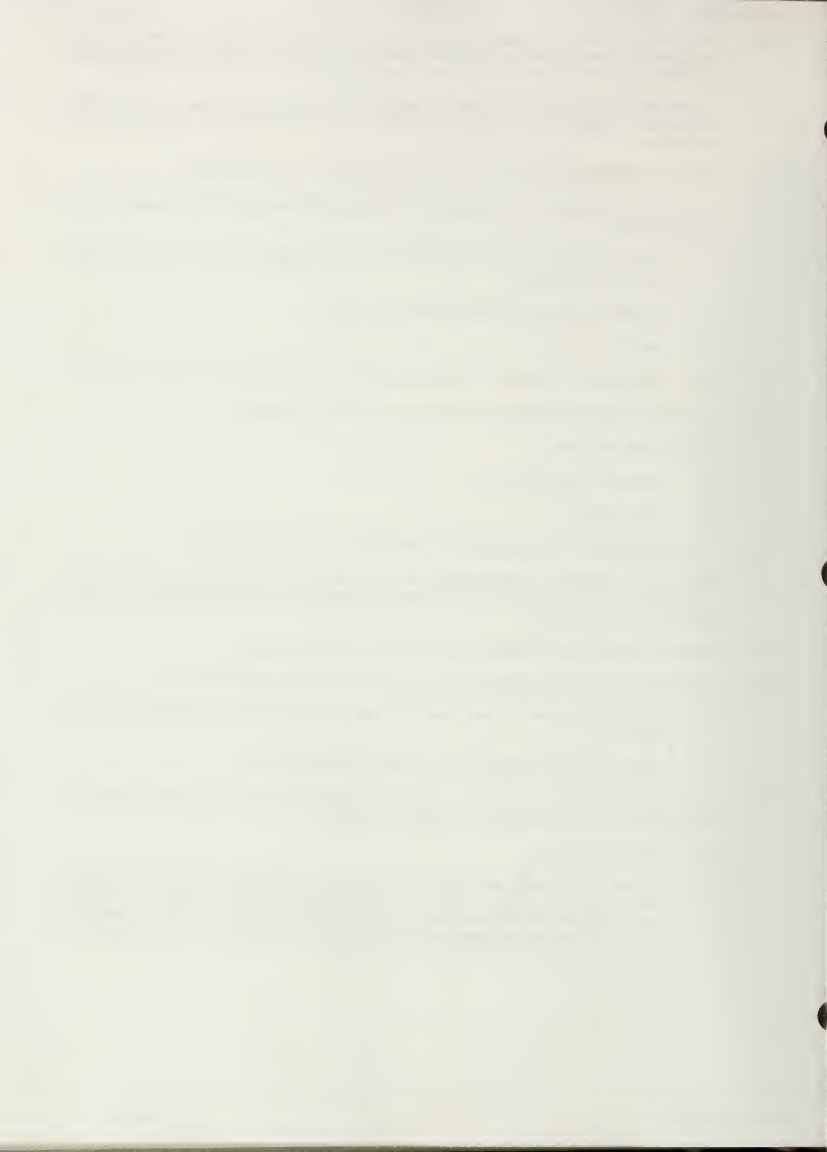
V. DEFINITIONS

The following terms whenever used in this Policy shall have the meanings indicated.

- A. "Application" means:
- (1) the application for this Policy, and
 - (2) any materials submitted therewith, which shall be retained on file by Underwriters and be deemed attached hereto, as if physically attached hereto.
- B. "Assureds" shall mean:
- (1) the Organization, and
 - (2) the Individual Assureds.
- C. "Claim" shall mean any judicial or administrative proceeding initiated against the Assureds in which the Assureds may be subjected to a binding adjudication of liability for damages or other relief, including any appeal therefrom.
- D. "Costs, Charges and Expenses" shall mean reasonable and necessary legal fees and expenses incurred by the Assureds in defense of any Claim and appeals therefrom, and cost of attachment or similar bonds; provided, however, Costs, Charges and Expenses shall not include:
- (1) salaries, wages, overhead or benefit expenses associated with officers or employees of the Organization, or
 - (2) any amounts incurred in defense of any Claim for which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes such duty.



- E. "Individual Assureds" shall mean any person who were, now are, or shall be directors, officers, employees, volunteers or trustees of the Organization including their estates, heirs, legal representatives or assigns in the event of their death, incapacity or bankruptcy.
- F. "Interrelated Wrongful Acts" shall mean Wrongful Acts which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.
- G. "Limit of Liability" shall mean the amount set forth in Item C. of the Declarations.
- H. "Loss" shall mean damages, settlements and Cost, Charges and Expenses, provided, however, that Loss shall not include:
- (1) punitive or exemplary damages or that portion of any multiplied damages award which exceeds the amount multiplied, or
 - (2) criminal or civil fines or penalties imposed by law, or
 - (3) taxes, or
 - (4) matters deemed uninsurable under the law pursuant to which this Policy shall be construed.
- I. "Optional Extension Period" shall mean the period described in Clause IX.A.
- J. "Organization" shall mean:
- (1) the Parent Organization, and
 - (2) any Subsidiary.
- K. "Parent Organization" shall mean the entity named in Item A. of the Declarations.
- L. "Policy Period" shall mean the period from the effective date and hour of this Policy as set forth in Item B. of the Declarations, to the Policy expiration date set forth in Item B. of the Declarations, or its earlier cancellation date, if applicable.
- M. "Retention" shall mean the amount set forth in Item D. of the Declarations.
- N. "Subsidiary" shall mean any entity more than 50% owned by the Parent Organization:
- (1) on or before the inception date of this Policy and the entity is named in the Application for this Policy, or
 - (2) acquired or created subsequent to the effective date of this Policy.
- O. "Wrongful Act" shall mean any actual or alleged error, omission, misstatement, misleading statement, neglect, breach of duty or Wrongful Employment Practices by:
- (1) the Organization, or
 - (2) the Individual Assureds, individually or collectively, in the discharge of their duties solely in their capacity as Individual Assureds of the Organization, or where such Individual Assureds serve as directors or officers of any not-for-profit organization at the specific request and direction of the Board of Directors of the Organization and such Loss is not indemnified by such not-for-profit organization or any of its insurers.



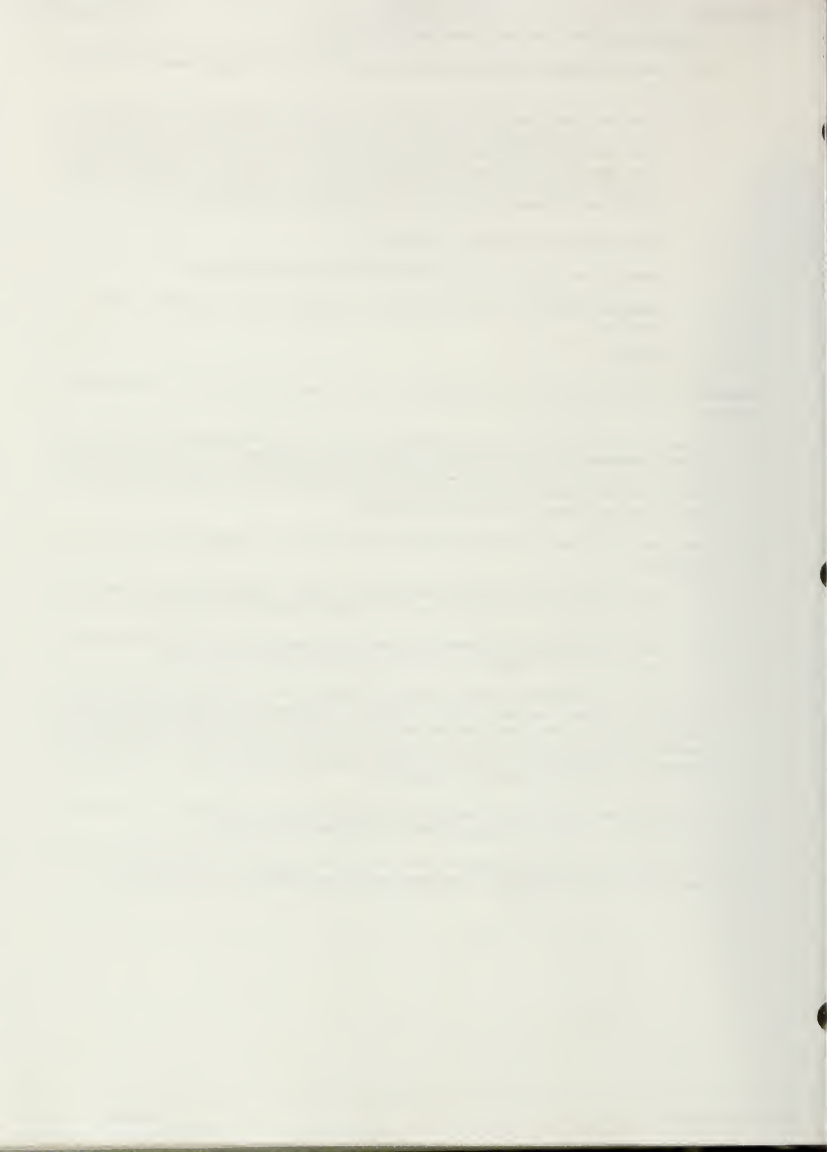
P. "Wrongful Employment Practices" means any actual or alleged:

- (1) wrongful dismissal or discharge or termination of employment whether actual or constructive, or
- (2) violation of any federal, state or local law concerning employment or discrimination in employment, including the Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights law of 1964 (as amended), the Pregnancy Discrimination Act of 1978, the Civil Rights Act of 1866, the Family and Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, the Fifth and Fourteenth Amendments of the United States Constitution, or
- (3) sexual or other harassment in the workplace, or
- (4) wrongful deprivation of career opportunity, employment or promotion, or
- (5) wrongful discipline or evaluation or failure to adopt adequate employment policies and procedures.

VI. EXCLUSIONS

Underwriters shall not be liable to make any payment for Loss in connection with any Claim made against the Assureds:

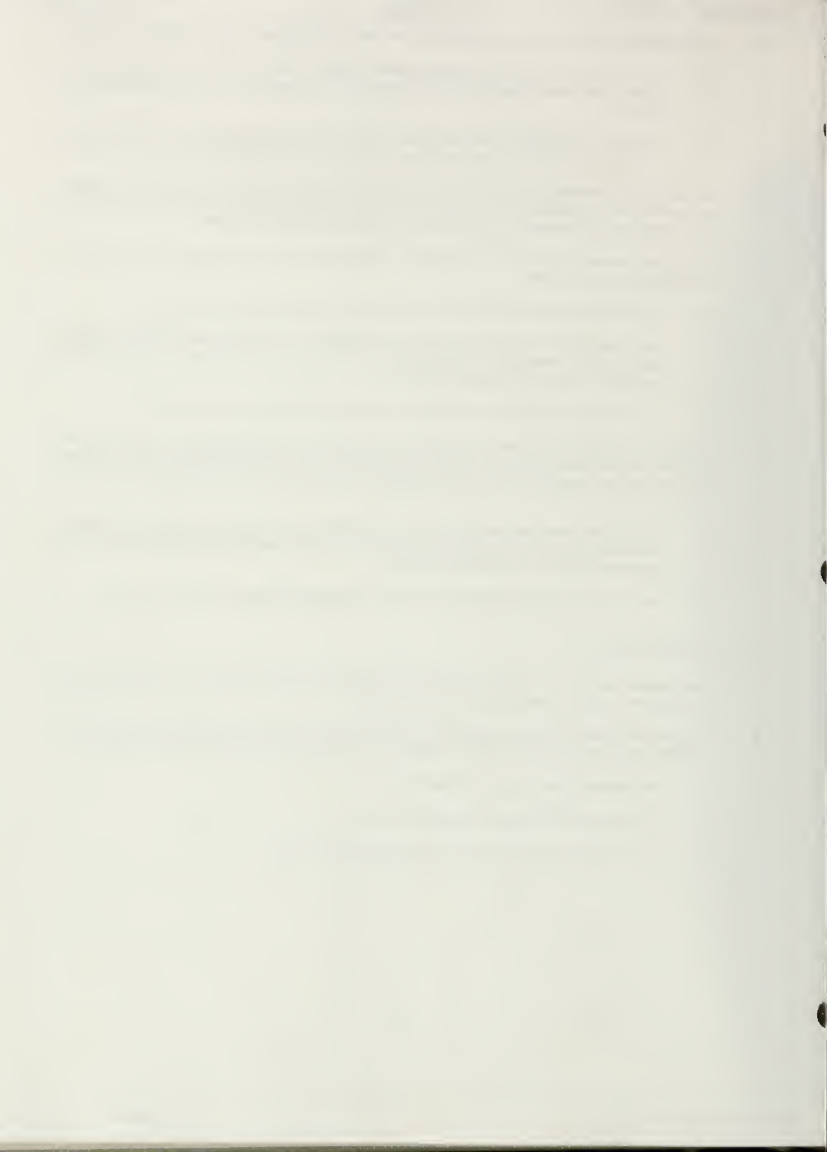
- A. for any actual or alleged bodily injury, sickness, disease, death, mental anguish, emotional distress, libel, slander, defamation, loss of consortium, false arrest, false imprisonment, assault, battery, invasion of privacy, damage to or destruction of tangible property including loss of the use thereof. This exclusion shall not apply to the extent a Claim is made for Wrongful Employment Practices and alleges mental anguish, emotional distress, libel, slander or defamation.
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
 - (1) any Wrongful Act or any fact, circumstance or situation which has been the subject of any notice given prior to the effective date of this Policy under any prior policy, or
 - (2) any other Wrongful Act whenever occurring, which, together with a Wrongful Act which has been the subject of such notice, would constitute Interrelated Wrongful Acts.
- C. to the extent it is insured under any other existing valid policy or policies, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any Loss in connection with such Claim is collectible or recoverable under such other policy or policies: provided, however, this exclusion shall not apply to the amount of Loss which is in excess of the amount of any deductible and the limit of liability of such other policy or policies where such Claim is not otherwise excluded by the terms of this Policy.
- D. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, actual or alleged seepage, pollution or contamination of any kind.
- E. for violation of the Employee Retirement Income Security Act of 1974 (or any regulations promulgated thereunder) or similar provisions of any federal, state or local statutory law or common law.



- F. by or on behalf of the Assureds, provided however, that this Exclusion shall not apply to any Claim:
- (1) in the form of a crossclaim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a Claim which is not otherwise excluded by the terms of this Policy, or
 - (2) brought by or on behalf of any employee or volunteer of the Organization where such employee or volunteer is not also a director, officer or trustee of the Organization.
- G. brought about or contributed to in fact by any dishonest or fraudulent act or omission or any criminal act or omission. Any Wrongful Act pertaining to any Individual Assureds shall not be imputed to any other person for the purposes of determining the applicability of this Exclusion.
- H. based upon, arising out of, directly or indirectly resulting from or in consequence of or in any way involving any Subsidiary for:
- (1) any Wrongful Act occurring prior to the date such entity became a Subsidiary, or
 - (2) any Wrongful Act occurring subsequent to the date such entity became a Subsidiary which, together with a Wrongful Act occurring prior to the date such entity became a Subsidiary, would constitute Interrelated Wrongful Acts, or
 - (3) any Wrongful Act occurring after the date such entity ceased to be a Subsidiary.
- I. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the Individual Assureds' service as directors, officers or employees of any entity other than the Organization, provided, however, this Exclusion shall not apply to Loss resulting from any Claim to the extent that:
- (1) such Claim is based on the service of one of the Individual Assureds as a director or officer of any not-for profit organization where such service is at the specific request and direction of the Board of Directors of the Organization, and
 - (2) such Loss is not indemnified by such not-for-profit organization or any of its insurers.

VII. NOTIFICATION

- A. The Assureds shall, as a condition precedent to their rights under this Policy, give written notice to Underwriters as soon as practicable of any such Claim.
- B. If during the Policy Period the Assureds first become aware of a specific Wrongful Act, and if the Assureds during the Policy Period give written notice to Underwriters as soon as practicable of:
- (1) the identity of the potential claimant, and
 - (2) a description of the specific Wrongful Act, and
 - (3) the consequences which have or may result therefrom, and



(5) the circumstances by which the Assureds first became aware thereof,

then any Claim subsequently made against the Assureds and arising out of such Wrongful Act shall be deemed for the purposes of this Policy to have been made at the time such notice was first given.

- C. All notices to Underwriters provided for in this Clause VII. shall be given to: Wilson, Elser, Moskowitz, Edelman & Dicker, c/o Raymond J. Jast, 120 N. LaSalle Street, Chicago, Illinois, 60602. No insurance agent or broker is authorized to act as Underwriters' agent for notice under this Policy, and any notice given to said insurance agent or broker shall not be deemed to constitute notice to Underwriters under this Policy.

VIII. GENERAL CONDITIONS

A. Warranty Clause

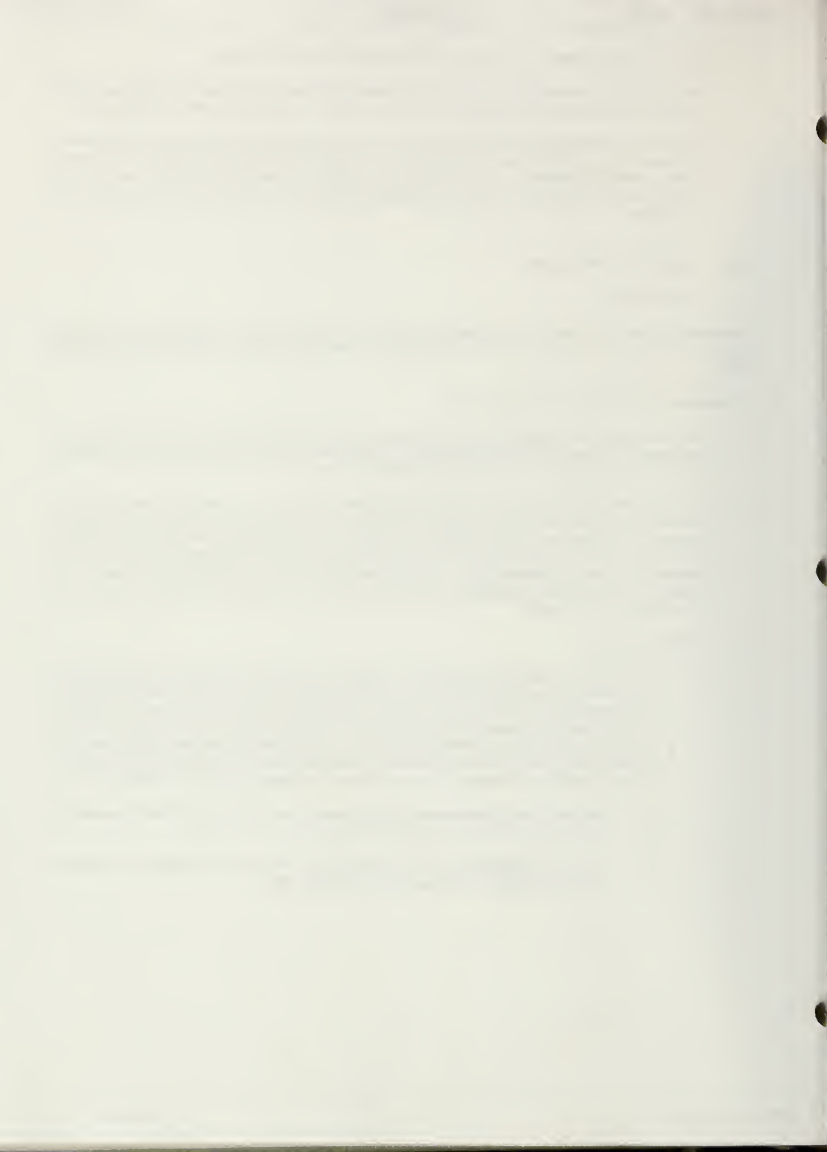
It is warranted that the particulars and statements contained in the Application, a copy of which is attached hereto, are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy.

By acceptance of this Policy the Assureds agree:

- (1) that the statements in the Application are their representations, that they shall be deemed material to the acceptance of the risk or the hazard assumed by Underwriters under this Policy and that this Policy is issued in reliance upon the truth of such representations, and
- (2) that in the event that the Application contains misrepresentation made with the actual intent to deceive, or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by Underwriters under this Policy, this Policy in its entirety shall be void and of no effect whatsoever as to the Organization and any Individual Assureds who is responsible for or who had knowledge of such misrepresentation. Such responsibility or knowledge shall be imputed to the Organization, but shall not be imputed to any other Individual Assureds for the purposes of determining the availability of coverage.

B. Adjustment Clause

- (1) This Policy is issued and the premium computed on the basis of the information submitted to Underwriters as part of the Application. In the event that after the inception date of this Policy the Organization acquires any other entity or acquires substantially all of the assets of another entity, or merges with another entity such that the Organization is the surviving entity, or creates or acquires a subsidiary as defined in Clause V.L. (2), no coverage shall be afforded under this Policy for any Loss in any way involving the assets acquired or the assets, liabilities, directors, officers, employees, volunteers or trustees of the entity merged with, or such subsidiary unless:
 - (a) written notice of such transaction is given to Underwriters by the Parent Organization within thirty (30) days of the transaction, and
 - (b) the Parent Organization provides Underwriters with such information in connection therewith as Underwriters may deem necessary, and



charge as may be required by Underwriters, and

- (d) Underwriters, at their sole discretion, agree to provide such coverage.
- (2) In the event any entity ceased to be a Subsidiary as defined herein after the inception date of this Policy, or of any policy issued by Underwriters of which this Policy is a renewal or replacement thereof, this Policy, subject to its terms, shall continue to apply to such Subsidiary and all persons who were Individual Assureds of such Subsidiary with respect to Claims first made during the Policy Period against such Subsidiary or such Individual Assureds for Wrongful Acts committed or allegedly committed prior to the time such entity ceased to be a Subsidiary.

C. Cancellation Clause

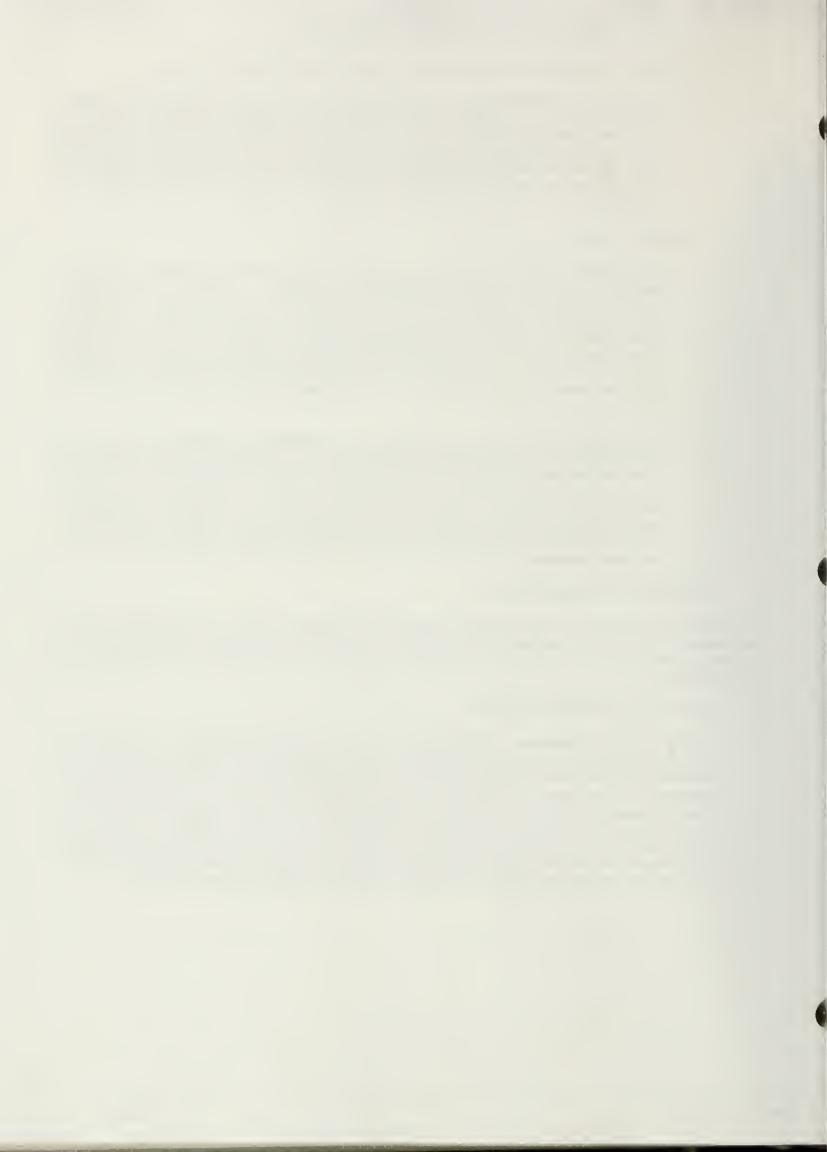
- (1) By acceptance of this Policy, the Assureds hereby confer the exclusive power and authority to cancel this Policy on their behalf to the Parent Organization. The Parent Organization may cancel this Policy by surrender of this Policy to Underwriters, or by mailing to Underwriters written notice stating the date when such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing. If this Policy is cancelled by the Parent Organization, Underwriters shall retain the short rate earned Premium in accordance with the attached Short Rate Cancellation Table (NMA 45)
- (2) Underwriters may only cancel this Policy for non-payment of premium. In such event Underwriters may cancel this Policy by mailing to the Parent Organization written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice by Underwriters shall be equivalent to mailing. If the foregoing notice period is in conflict with any governing law or regulation, then such period shall be amended to afford the minimum notice period permitted thereunder.

D. Organization Authorization Clause

By acceptance of this Policy the Assureds agree that the Parent Organization will act on behalf of the Assureds with respect to giving of all notices to Underwriters as provided herein, the receiving of notices from Underwriters, the payment of the premiums, and the receiving of any return premiums that may become due under this Policy.

IX. OPTIONAL EXTENSION PERIOD

- A. If either the Parent Organization or Underwriters cancel or do not renew this Policy, for reasons other than the Organization's nonpayment of premium or non-compliance with the terms and conditions of this Policy, then the Parent Organization shall have the right, upon payment of an additional premium calculated at that percentage shown in Item F. of the Declarations of the total premium for this Policy, to an extension of the coverage granted by this Policy with respect to any Claim first made against the Assureds during the period of three hundred and sixty-five (365) days after the effective date of such cancellation or, in the event of non-renewal, after the Policy expiration date, but only with respect to any Wrongful Act committed before the cancellation or non-renewal date. This three hundred and sixty-five (365) day period shall be referred to in this Policy as the "Optional Extension Period."



this Policy must have been paid. The right to purchase the Optional Extension Period shall terminate unless written notice is given to Underwriters within thirty (30) days after the Policy Period ends, together with full payment of the premium for the Optional Extension Period. If such notice and premium payment is not given within thirty (30) days to Underwriters, the Parent Organization shall not thereafter be able to exercise the right to purchase the Optional Extension Period.

- C. In the event the Optional Extension Period is purchased, the entire premium therefor shall be deemed earned at its commencement and in the event the Organization terminates the Optional Extension Period before its term, Underwriters shall not be liable to return any portion of the premium paid for the Optional Extension Period.
- D. The fact that this Policy may be extended by virtue of the exercise of the Optional Extension Period shall not in any way increase the applicable Limit of Liability set forth in the Declarations.

X. SUBROGATION

In the event of any payment under this Policy, Underwriters shall be subrogated to the extent of such payment to all of the Assureds' rights of recovery therefor against any person or entity, and the Assureds shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights including the execution of such documents as are necessary to enable Underwriters effectively to bring suit in their name, and shall provide all other assistance and cooperation which Underwriters may reasonably require.

XI. ACTION AGAINST UNDERWRITERS

No action shall lie against Underwriters unless, as a condition precedent thereto, the Assureds shall have fully complied with all of the terms of this Policy, nor until the amount of all the Assureds' obligation to pay shall have been fully and finally determined either by judgment against them or by written agreement between them, the claimant and Underwriters. Nothing contained herein shall give any person or organization any right to join Underwriters as a party to any Claim against the Assureds to determine their liability, nor shall Underwriters be impleaded by the Assureds or their legal representative in any Claim.

XII. ASSIGNMENT OF INTEREST

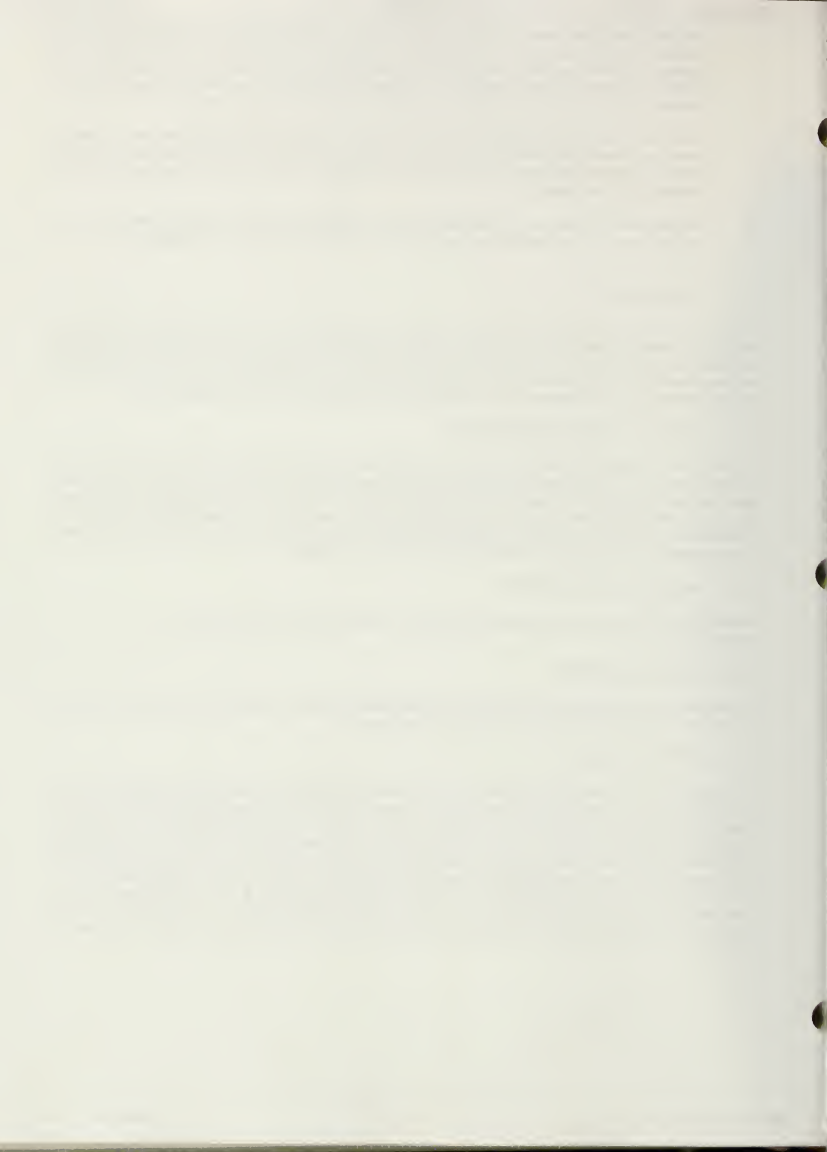
Assignment of interest under this Policy shall not bind Underwriters unless their consent is endorsed hereon.

XIII. ENTIRE AGREEMENT

By acceptance of this Policy, the Assureds agree that this Policy embodies all agreements existing between them and Underwriters or any of their agents relating to this insurance.

XIV. SERVICE OF SUIT

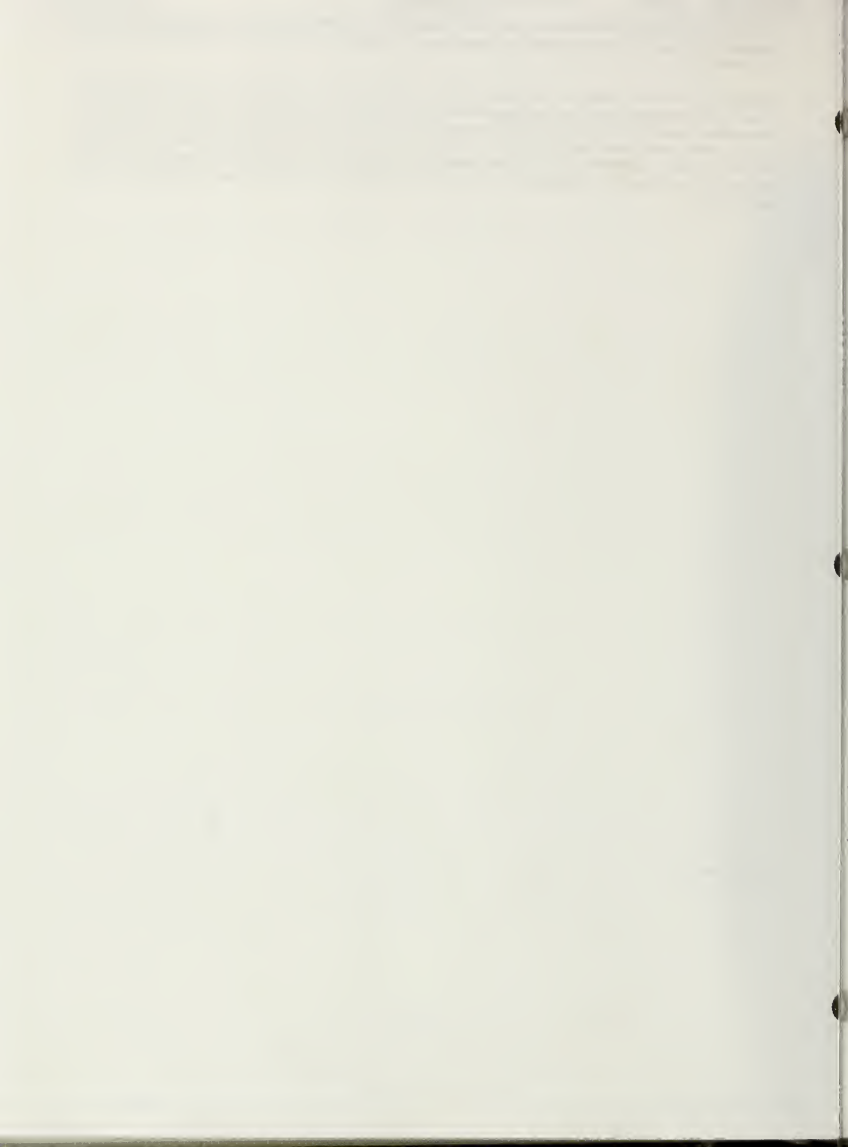
It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of any of the Assureds, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019-6829 and that in any such suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.



of Underwriters in any such suit and/or upon the request of the Assureds to give a written undertaking to the Assureds that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assureds or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

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NOTWITHSTANDING anything to the contrary contained herein and in consideration of the premium for which this insurance is written it is agreed that in the event of cancellation thereof by the Assured the earned premium shall be computed as follows:

SHORT RATE CANCELLATION TABLE

A. For Insurances written for one year

Days of Insurance Year In Force	% of One Year Premium	Days Insurance In Force	% of One Year Premium	Days Insurance In Force	% of One Year Premium	Days Insurance In Force	%
1.....	5	66 - 69	29	154 - 156	53	256 - 260	77
2.....	6	70 - 73	30	157 - 160	54	261 - 264	78
3 - 4	7	74 - 76	31	161 - 164	55	265 - 269	79
5 - 6	8	77 - 80	32	165 - 167	56	270 - 273 (9 Mths)	80
7 - 8	9	81 - 83	33	168 - 171	57	274 - 278	81
9 - 10	10	84 - 87	34	172 - 175	58	279 - 282	82
11 - 12	11	88 - 91 (3 Mths)	35	176 - 178	59	283 - 287	83
13 - 14	12	92 - 94	36	179 - 182 (6 Mths)	60	288 - 291	84
15 - 16	13	95 - 98	37	183 - 187	61	292 - 296	85
17 - 18	14	99 - 102	38	188 - 191	62	297 - 301	86
19 - 20	15	103 - 105	39	192 - 196	63	302 - 305 (10 Mths)	87
21 - 22	16	106 - 109	40	197 - 200	64	306 - 310	88
23 - 25	17	110 - 113	41	201 - 205	65	311 - 314	89
26 - 29	18	114 - 116	42	206 - 209	66	315 - 319	90
30 - 32 (1 Mth)	19	117 - 120	43	210 - 214 (7 Mths)	67	320 - 323	91
33 - 36	20	121 - 124 (4 Mths)	44	215 - 218	68	324 - 328	92
37 - 40	21	125 - 127	45	219 - 223	69	329 - 332	93
41 - 43	22	128 - 131	46	224 - 228	70	333 - 337 (11 Mths)	94
44 - 47	23	132 - 135	47	229 - 232	71	338 - 342	95
48 - 51	24	136 - 138	48	233 - 237	72	343 - 346	96
52 - 54	25	139 - 142	49	238 - 241	73	347 - 351	97
55 - 58	26	143 - 146	50	242 - 246 (8 Mths)	74	352 - 355	98
59 - 62 (2 Mths)	27	147 - 149	51	247 - 250	75	356 - 360	99
63 - 65	28	150 - 153 (5 Mths)	52	251 - 255	76	361 - 365 (12 Mths)	100

B. For Insurances written for more or less than one year:

- If insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual premium determined as for an insurance written for a term of one year.
- If insurance has been in force for more than 12 months;
 - Determine full annual premium as for insurance written for a term of one year.
 - Deduct such premium from the full insurance premium, and on the remainder calculate the *pro rata* earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.
 - Add premium produced in accordance with items (a) and (b) to obtain earned premium during full period insurance has been in force.



U.S.A.**NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT(BROAD)***(Approved by Lloyd's Underwriters' Non-Marine Association)*

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and Canal Zone:-

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

not being insurances of the classification to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This policy*

does not apply:-

I. Under any Liability Coverage, to injury, sickness, disease, death or destruction

- (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear materials, if

- (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
- (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
- (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.



IV. As used in this endorsement:

"**hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**", "**special nuclear material**", and "**byproduct material**" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "**nuclear facility**" means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

With respect to injury to or destruction of property, the word "**injury**" or "**destruction**" includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

*NOTE:-As respects policies which afford liability coverage and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

17/3/60
N.M.A. 1256



ENDORSEMENTS/ADDITIONAL CLAUSES

U.S.A.**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-LIABILITY-DIRECT***(Approved by Lloyd's Underwriters' Non-Marine Association)*

For attachment (in addition to the appropriate Nuclear Incident Exclusion Clause-Liability-Direct) to liability insurances affording worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64

N.M.A. 1477

ENDORSEMENT NUMBER 1**PRIOR AND PENDING LITIGATION EXCLUSION**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that Clause VI EXCLUSIONS is amended by the addition of the following:

I. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

1. any prior and/or pending litigation as of 12.01 a.m. Local Standard Time on

or

2. any fact, circumstance, situation, transaction or event underlying or alleged in such litigation,

regardless of the legal theory upon which such Claim is predicated.

MIDI (NP) 97 13.01

AIF 2166 M (1/97)

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED



ENDORSEMENTS/ADDITIONAL CLAUSESENDORSEMENT NUMBER 2SPLIT RETENTION ENDORSEMENT

In consideration of the premium charged for this Policy, it is hereby understood and agreed as follows:

1. CLAUSE I. INSURING CLAUSE is deleted in its entirety and replaced by the following:

I. INSURING CLAUSE

A. To pay on behalf of the Individual Assureds Loss not exceeding the Limit of Liability in excess of the Retention set forth in Item D. of the Declarations sustained by such Individual Assureds resulting from any Claim first made during the Policy Period or the Optional Extension Period, if applicable, against any of them for a Wrongful Act, except for such Loss which the Organization actually pays to the Individual Assureds as indemnification, and except for such Loss which the Organization is required or permitted by law to indemnify the Individual Assureds unless and to the extent that the Organization is unable to make actual indemnification solely by reason of its insolvency.

B. To pay on behalf of the Organization Loss not exceeding the Limit of Liability in excess of the Retention set forth in Item D. of the Declarations for which the Organization shall have lawfully indemnified or is required or permitted by law to indemnify the Individual Assureds resulting from any Claim first made during the Policy Period or the Optional Extension Period, if applicable, against any of them for a Wrongful Act.

C. To pay on behalf of the Organization Loss not exceeding the Limit of Liability in excess of the Retention set forth in Item D. of the Declarations sustained by the Organization resulting from any Claim first made during the Policy Period or the Optional Extension Period, if applicable, against the Organization for a Wrongful Act by the Individual Assureds where such act is unputed to the Organization as their principal.

Item D. of the DECLARATIONS is deleted and the following substituted therefor:

Item D. Retentions: \$ NIL each Director or Officer each Claim but in no event exceeding

\$ NIL in the aggregate each Claim all Directors and Officers under Insuring Clause I.A. and

\$ 100,000 each Claim under Insuring Clause I.B. and/or I.C.

3. Clause III. LIMITS OF LIABILITY is amended by the addition of the following:

E. In the event a Claim is covered in part under Insuring Clause I.A. and in part under either of Insuring Clauses I.B. or I.C. the Retentions set forth in Item D. of the Declarations shall be applied separately to that part of the Loss resulting from such Claim covered by each Insuring Clause and the sum of the Retentions so applied shall constitute the Retention applicable to such Claim provided, however, the total Retention as finally determined shall in no event exceed the Retention applicable to Insuring Clause I.B. and/or I.C.

F. The Retention applicable to Insuring Clause I.B. shall apply to Loss resulting from any Claim if indemnification by the Company is required by law or is legally permissible to the fullest extent permitted by law, regardless of whether or not actual indemnification is made, unless the Company is unable to make such actual indemnification solely by reason of its insolvency.

MIDI (NP) 97 01.01

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED



ENDORSEMENTS/ADDITIONAL CLAUSES

ENDORSEMENT NUMBER 3**DELETE HAMMER CLAUSE**

It is hereby understood and agreed that Clause II. DUTY TO DEFEND B. is deleted in its entirety.

ENDORSEMENT NUMBER 4**AMENDED CLAIM DEFINITION TO INCLUDE
WRITTEN DEMANDS FOR MONETARY DAMAGES**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that Clause V. DEFINITIONS C., is deleted and the following is substituted therefor:

C. Claim means any:

- (i) written demand for monetary damages
 - (ii) judicial or administrative proceeding initiated against the Assureds in which the Assureds may be subjected to a binding adjudication of liability for damages or other relief, including any appeal therefrom.
-

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED



ENDORSEMENTS/ADDITIONAL CLAUSES

ENDORSEMENT NUMBER 5**MARITAL ESTATE/SPOUSAL ENDORSEMENT**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that Clause V. DEFINITIONS E. is deleted and the following is substituted therefor:

E. "Individual Assureds" means:

1. any persons who were, now are, or shall be directors, officers, employees, volunteers or trustees of the Organization including their estates, heirs, legal representatives or assigns in the event of their death, incapacity or bankruptcy.

2. the lawful spouse of an Individual Assured, but only to the extent such person is a party to any Claim solely in his or her capacity as spouse of any Individual Assureds and only for the purposes of any Claim seeking damages recoverable from marital community property, property jointly held by the Individual Assureds, or property transferred from the Individual Assured to the spouse.

ENDORSEMENT NUMBER 6**DERIVATIVE POLLUTION COVERAGE INSURING CLAUSE I.A.**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that Clause VI. EXCLUSIONS D., is deleted and the following is substituted therefor:

based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, actual or alleged seepage, pollution or contamination of any kind; provided, however, this exclusion shall not apply to the coverage afforded through Insuring Clause I.A. to the extent any Claim is brought derivatively;

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

ENDORSEMENTS/ADDITIONAL CLAUSES

ENDORSEMENT NUMBER 7**AMENDED DISHONESTY EXCLUSION (FINAL ADJUDICATION)**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that Clause VI. EXCLUSIONS G. is deleted and the following substituted therefor:

- G. brought about or contributed to in fact by any dishonest or fraudulent act or omission or any criminal act or omission, by any of the Individual Assureds as established by a judgement or other final adjudication. Any Wrongful Act pertaining to any Individual Assured shall not be imputed to any other person for the purposes of determining the applicability of this Exclusion.

ENDORSEMENT NUMBER 8**SEVERABILITY OF ALL EXCLUSIONS**

In consideration of the premium charged for this Policy, it is hereby understood and agreed that in CLAUSE V EXCLUSIONS, the following is added:

- K. No Wrongful Act shall be imputed to any other Assured for the purpose of determining the applicability of Exclusions A through to I inclusive.

ENDORSEMENT NUMBER 9**AMENDED NOTIFICATION PROVISION**

It is hereby understood and agreed that Clause VII NOTIFICATION A. is deleted and replaced by the following:

VII. NOTIFICATION

- A. The Assureds shall, as a condition precedent to their rights to payment under this Policy, give written notice to Underwriters as soon as practicable of any such Claim, but in no event later than 90 days after the end of the Policy Period.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

ENDORSEMENTS/ADDITIONAL CLAUSES

ENDORSEMENT NUMBER 10**VERIFIABILITY OF APPLICATION**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that Clause VIII GENERAL CONDITIONS A Warranty Clause (2) is deleted and the following is substituted therefor:

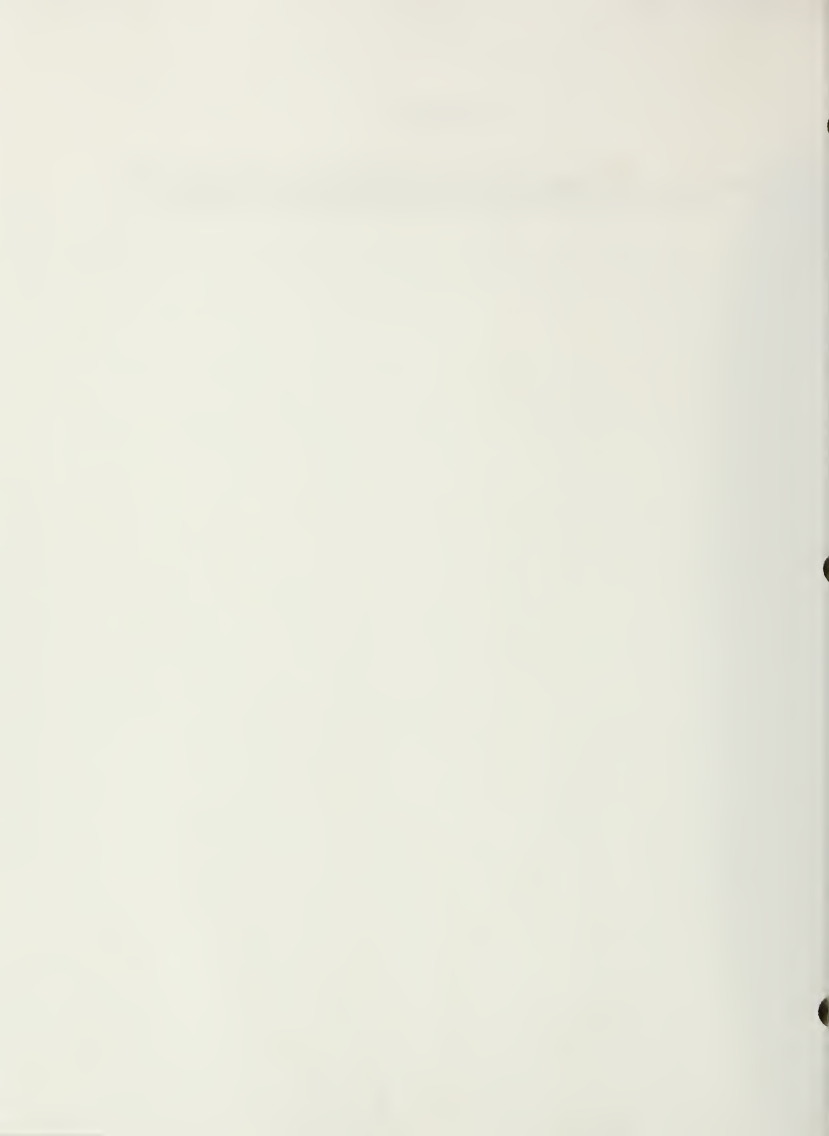
- (2) that in the event that the Application, including material submitted therewith, contains misrepresentations made with the actual intent to deceive, or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by Underwriters under this Policy, this Policy shall be void or rescinded as to the Organization and any Individual Assureds who is responsible for or who had knowledge of such misrepresentation. Such responsibility or knowledge shall be imputed to the Organization, but shall not be imputed to any other Individual Assureds for the purposes of determining the availability of coverage.
-

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED



EXHIBIT B

BOARD OF SUPERVISORS RESOLUTION EXTENDING CITY'S SELF-INSURANCE
COVERAGE TO THE TREASURE ISLAND DEVELOPMENT AUTHORITY



1 [Treasure Island Development Authority]

2 EXTENDING THE CITY'S PROGRAM OF SELF-INSURANCE TO THE ACTIVITIES OF
3 THE TREASURE ISLAND DEVELOPMENT AUTHORITY.

4 WHEREAS, On May 2, 1997, the Board of Supervisors passed
5 Resolution No. 380-97, authorizing the Mayor's Treasure Island
6 Project Office to establish a nonprofit public benefit corporation
7 known as the Treasure Island Development Authority (the "Authority")
8 to act as a single entity focused on the planning, redevelopment,
9 reconstruction, rehabilitation, reuse and conversion of former Naval
10 Station Treasure Island (the "Base") for the public interest,
11 convenience, welfare and common benefit of the inhabitants of the
12 City and County of San Francisco; and,

13 WHEREAS, The California legislature enacted the Treasure
14 Island Conversion Act of 1997 (the "Act") which consolidates the
15 powers essential to the reuse of the Base in the Authority by vesting
16 in it both redevelopment authority over the Base and, with respect to
17 those portions of the Base which are subject to the public trust for
18 commerce, navigation and fisheries (the "Tidelands Trust"), the
19 authority to administer the Tidelands Trust; and,

20 WHEREAS, The Board of Supervisors approved the designation
21 of the Authority as a redevelopment agency with powers over Treasure
22 Island in Resolution No. 43-98, dated February 6, 1998; and,

23 WHEREAS, The assets, property and income of the Authority
24 are held in trust for the public benefit of the City and County of
25 San Francisco; and,

1 WHEREAS, Because the Authority is subject to the budget and
2 fiscal provisions of the City's Charter, all revenues of the
3 Authority shall be maintained in accounts established by the City's
4 Controller and Treasurer and shall be subject to appropriation by the
5 Board of Supervisors; and,

6 WHEREAS, In order to foster conversion of the Base to
7 civilian reuse prior to final conveyance of the Base from the Navy to
8 the Authority, it will be necessary for the Authority to lease
9 portions of the Base from the Navy; and,

10 WHEREAS, The Navy's leases for Treasure Island include
11 certain insurance requirements; and,

12 WHEREAS, The City maintains a program of self-insurance
13 that covers the types of risks identified in the Navy's insurance
14 requirements; and

15 WHEREAS, in order to lease property on the Base from the
16 Navy, either the City's program of self-insurance must be extended to
17 the activities of the Authority, or the revenues of the Authority
18 will have to be used to purchase private policies of insurance; now,
19 therefore, be it

20 RESOLVED, That the Board of Supervisors hereby agrees to
21 extend the City's program of self-insurance to all of the activities
22 of the Authority related to the planning, redevelopment,
23 reconstruction, rehabilitation, reuse and conversion of the Base, and
24 to the Authority's officers, directors, agents or employees,
25 including, without limitation, self insurance coverage necessary to



1 satisfy any specific insurance coverage requirements imposed by the
2 Navy as condition to leasing property on the Base and approved by the
3 City's Risk Manager; and, be it

4 FURTHER RESOLVED, That the Authority is hereby directed to
5 require all subtenants of property on the Base, other than City
6 departments, to carry insurance coverage that meets or exceeds the
7 level of insurance coverage required by the Navy in any master lease
8 for such property, and that such insurance shall name the City and
9 the Authority as additional insureds; and, be it

10 FURTHER RESOLVED; That nothing in this resolution shall
11 preclude the City's Risk Manager from arranging for the purchase of
12 private policies of insurance to cover any or all of the risks to be
13 covered herein by the City's self-insurance coverage, provided such
14 insurance can be obtained at a reasonable cost and the City's
15 controller certifies that funds are available to purchase such
16 policies.

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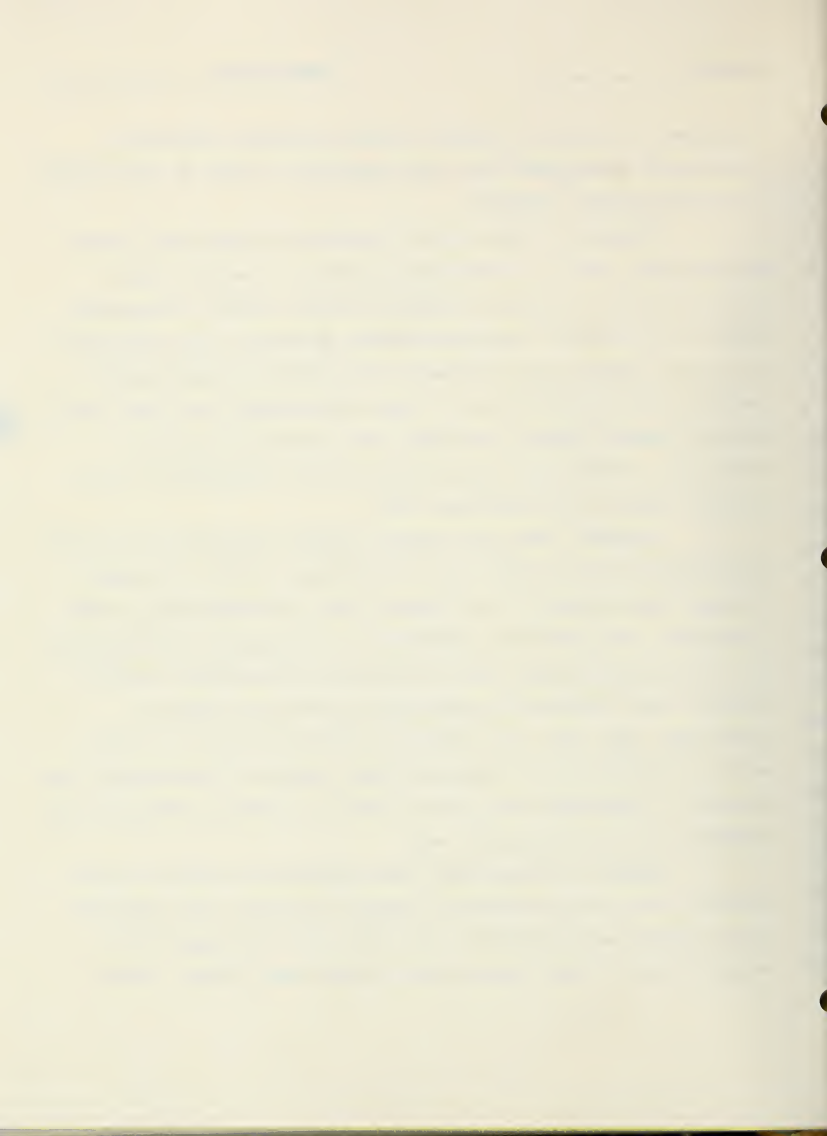


1 [Acceptance of Gifts to Treasure Island Development Authority]
2 ESTABLISHING REQUIREMENTS FOR THE ACCEPTANCE OF GIFTS TO THE TREASURE
3 ISLAND DEVELOPMENT AUTHORITY.

4 WHEREAS, On May 2, 1997, the Board of Supervisors passed
5 Resolution No. 380-97, authorizing the Mayor's Treasure Island
6 Project Office to establish a nonprofit public benefit corporation
7 known as the Treasure Island Development Authority (the "Authority")
8 to act as a single entity focused on the planning, redevelopment,
9 reconstruction, rehabilitation, reuse and conversion of former naval
10 station Treasure Island (the "Base") for the public interest,
11 convenience, welfare and common benefit of the inhabitants of the
12 City and County of San Francisco; and,

13 WHEREAS, Under the Treasure Island Conversion Act of 1997,
14 which amended Section 33492.5 of the California Health and Safety
15 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
16 (the "Act"), the California legislature (i) designated the Authority
17 as a redevelopment agency under California redevelopment law with
18 authority over the Base upon approval of the City's Board of
19 Supervisors, and, (ii) with respect to those portions of the Base
20 which are subject to the Tidelands Trust, vested in the Authority the
21 authority to administer the public trust for commerce, navigation and
22 fisheries as to such property; and

23 WHEREAS, The Tidelands Trust prohibits the sale of trust
24 property into private ownership, generally requires that Tidelands
25 Trust property be accessible to the public and encourages public-
oriented uses of trust property that, among other things, attract



1 people to the waterfront, promote public recreation, protect habitat
2 and preserve open space; and

3 WHEREAS, Under the Act and the Authority's Articles of
4 Incorporation and Bylaws, the Authority, acting by and through its
5 Board of Directors has the power, subject to applicable laws, to
6 accept gifts and other charitable contributions; now, therefore, be
7 it

8 RESOLVED, That all gifts or other charitable contributions
9 of cash, goods or services to the Authority ("Gifts") shall be
10 received and administered in accordance with Government Code Section
11 18944, which requires that (i) all Gifts be used solely for the
12 official business of the Authority and, (ii) that the Authority, in
13 its sole discretion, shall determine the specific official or
14 officials who shall use the Gift, provided, however, that a donor may
15 identify a specific purpose for the Authority's use of the Gift, so
16 long as the donor does not designate the specific official or
17 officials who may use the Gift; and be it

18 FURTHER RESOLVED, That within 30 days of receipt of any
19 Gift, the Authority shall memorialize in a written public record the
20 following information: (i) the identity of the donor, (ii) the
21 official or class of officials designated by the Authority to receive
22 or use the Gift, (iii) the nature and amount of the Gift, and (iv)
23 the intended use of the Gift; and be it,

24 FURTHER RESOLVED, That the Authority hereby authorizes the
25 Executive Director of the Project Office to accept any Gift not to
exceed \$10,000, and to administer such Gifts in accordance with the



1 wishes of the donor, subject to the requirements and restrictions
2 contained in this Resolution; and be it,

3 FURTHER RESOLVED, The Executive Director shall submit a
4 written report to the Authority of any Gifts accepted by the
5 Executive Director under the authorization provided herein at the
6 next meeting of the Board of Directors immediately following the
7 Executive Director's acceptance of any such Gift; and be it,

8 FURTHER RESOLVED, That any Gifts in excess of \$10,000 shall
9 be approved and accepted by the Authority pursuant to a resolution
10 duly enacted by a majority of the Board of Directors.

11
12 CERTIFICATE OF SECRETARY

13 *I hereby certify that I am the duly elected and acting Secretary of*
14 *the Treasure Island Development Authority, a California nonprofit public*
15 *benefit corporation, and that the above Resolution was duly adopted and*
16 *approved by the Board of Directors of the Authority at a properly noticed*
17 *meeting on April 15, 1998.*

18
19 _____
20 John Elberling, Secretary
21
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Treasure Island Development Authority
Minutes of the meeting April 15, 1998

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- 4/15/98
1. Call to Order: 1:10 p.m. in Room 3100 of the Ferry Building
 2. Roll Call: Present: Dale Carlson, Chair
John Elberling, Co-Chair
Doug Wong (left at 1:30 pm)
Gerald Green

Excused: Jim Morales
 3. Approval of Minutes: The minutes of March 11, 1998 were approved.
 4. Communications: Mr. Carlson reported that several letters
had been received and asked that they be sent a reply.
 5. Ongoing Business by Directors

There was none.
 6. Introduction of New Business by Directors

There was none.
 7. Report of the Treasure Island Project Director Annemarie Conroy
 - Report on the access policy for Treasure Island
 - Status of environmental clean up
 - Report on short term leases

Ms. Conroy reported that a short term lease had been given to the SF Police Department for use of the gymnasium and the Shipshape for Police Academy classes.

She also reported that:

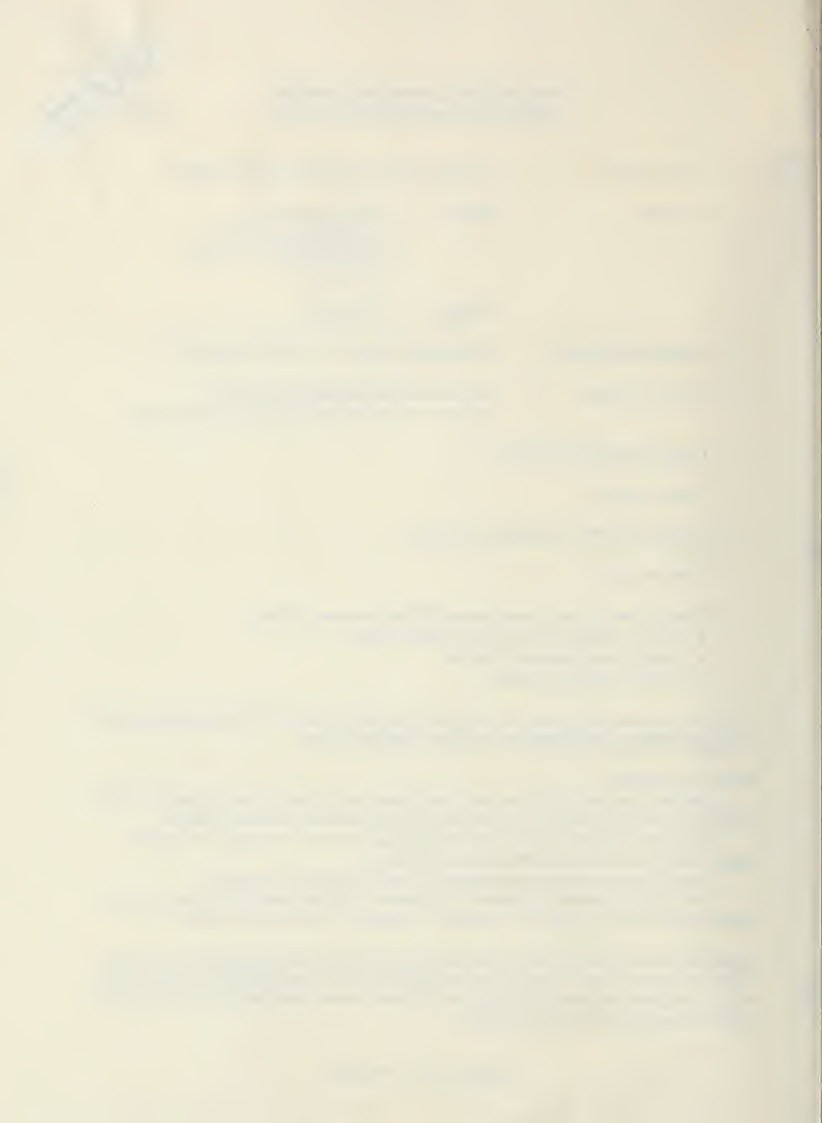
Senator Kopp has had full access to information on Treasure Island. His staff was given 6-8 hours of Treasure Island Project staff time and they were not denied any records.

Supervisor Michael Yaki will be hearing legislation in his committee on April 21st regarding the Treasure Island Development Authority.

Several ferry companies are interested in providing service to the island.

Job Corps is planning to increase its population. Staff met with them in order to work together regarding their programs, construction, timetable, and city service needs.

Regarding the access policy, Ms. Conroy explained that there was an accident by a SF Police Officer on Treasure Island streets and he is suing the Navy. The access policy is up to the Navy and they are concerned about liability issues. Organized events approved by the Navy, such as Operation Dream and Hoop it Up are okay.



Mr. Carlson asked whether the public was allowed access near the photo booth stand (look out area) to enjoy the views of the SF skyline. Ms. Conroy replied affirmatively.

Mr. Elberling asked whether the security plan required by the Navy had been completed. Ms. Conroy replied that staff is evaluating the agreements made under the Cooperative Agreement and that the SF Police Department (SFPD) and TURF are currently providing security.

Mr. Carlson asked about the lease of the gym with the SFPD. Ms. Conroy replied that is was for use primarily by the Police Academy, but that negotiations are going on regarding its use for the Sheriff's Department and organized public basketball games. The SFPD is paying for the use of the gym.

Martha Walters of the SF Redevelopment Agency reported on the environmental clean up plans for the housing area on Treasure Island (Site 12). There was a discussion regarding funding, priorities, contracting of the work, costs, and importance of the clean up. Mr. Elberling asked Ms. Walters for a copy of the map outlining the site.

8. Report of the Financial Manager

- Presentation on the proposed budget of the Mayor's Treasure Island Project

Eila Arbuckle distributed copies of the FY 1999 Treasure Island Budget Proposal. She explained that it includes very conservative projected revenues, the use of no general fund monies, incorporates maximum flexibility, and takes into account Tidelands Trust provisions. The budget is broken into 12 cost centers: project administration, TI special events, YBI special events, film studio rentals, TI film permits, YBI film permits, TI marina, TI housing, YBI housing, Federal OEA grants, City Navy agreement, and California DAM grants.

Mr. Elberling asked if she could split the costs of property management versus longterm planning and Ms. Arbuckle replied affirmatively. He also asked what the cost of the Homeless Service component was. Ms. Arbuckle explained that the city has a current contract with TIHDI for \$75,000, but has not negotiated any future contracts nor analyzed the homeless services agreement. Mr. Elberling asked if the budget could be broken down by program.

Public comment:

Maureen Bitoff asked where does the money collected by the Treasure Island project go? City Attorney Michael Cohen explained that all monies are subject to appropriation by the Board of Supervisors and is held in the General Fund, but the accounts are separately indexed because of Tidelands Trust requirements.

Mr. Carlson and Mr. Elberling asked if security expenses and fire department costs could be broken out in the budget.

Mr. Carlson asked if the Authority would receive monthly or quarterly reports and Ms. Arbuckle offered to give monthly reports.

Mr. Green asked if after the budget was approved, the Authority would receive monthly reports tying the projected budget to actual expenses and revenues and Ms. Conroy replied affirmatively.

9. Resolution approving Memorandum of Agreement with the John Stewart Company to manage housing on Treasure and Yerba Buena Islands. (*Action item*)

Ms. Conroy explained that a term sheet with John Stewart Company was not yet available. Staff is discussing environmental clean up issues, lack of island amenities, and transportation concerns.

Mr. Green asked whether the Authority had approved the negotiations with a timeline requirement and Mr. Cohen explained that staff was given the authorization to negotiate with their second choice if needed. Mr. Green asked if staff still wanted to continue to negotiate with John Stewart and Ms. Conroy said yes and that she would like this item continued to the next meeting.

Action: A quorum was not available to vote to formally continue this item, so no action was taken. The Chair requested that it be placed on the agenda for the next meeting.

10. Resolution approving leases with the Navy for certain housing on Yerba Buena Island and the Treasure Island Marina. (*Action item*)

Ms. Conroy explained that the Authority would be approving the terms of these leases but they would not be executed until they are ready to sublease. Mr. Cohen explained that the City asked the Navy to prepare these leases when the Treasure Island Project was on a fast track to lease the housing and develop the Marina.

Mr. Green asked if the leases would terminate upon conveyance and Mr. Cohen replied affirmatively.

Mr. Carlson asked about the cost of the lease and Mr. Cohen replied that the costs would be \$.003 per square foot of exterior space and \$.050 per square foot of interior space. He also asked how soon we were required to sign the leases and was told that they could be signed at any time.

Mr. Elberling asked whether all hazardous material would be abated and Mr. Cohen replied that the Navy completes a Finding Of Suitability to Lease (FOSL) before leasing any property. He also asked whether this lease includes the TIHDI housing on Yerba Buena island and Mr. Cohen answered that of the 60 units, 41 are for initial city use and 19 will be used by TIHDI.

Mr. Elberling asked what was included in Exhibit B – Personal Property and when would it be completed. He also discussed the importance of personal property for the Homeless Conveyance and asked that it be thoroughly tracked.

Mr. Carlson asked about the lead shot in the Marina and Mr. Cohen replied that the areas outlined in the Marina lease have had a completed FOSL. Jim Sullivan, the Navy's Environmental Coordinator, explained that they are compiling an Offshore Remedial Investigation report for the other areas, which should be available this year. Mr. Green asked if we would be in trouble for suggesting an expansion of the Marina and Mr. Cohen replied that we would need to set parameters and a phased approach to expansion.

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY
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Action: Moved by Mr. Elberling, seconded by Mr. Green to adopt Item 10, passed 3-0 (Mr. Morales and Mr. Wong were absent).

11. Resolution authorizing the Treasure Island Project office to procure Directors and Officers liability insurance and requesting the Board of Supervisors extend its self-insurance coverage to the activities of the Treasure Island Development Authority. (*Action item*)

Mr. Cohen explained that this item calls for the adoption by the Authority of a resolution authorizing the Project Office to obtain Officers and Directors liability insurance on behalf of the Board of Directors of the Authority and to submit a proposed resolution to the Board of Supervisors seeking authorization to extend the City's program of self-insurance to the activities of the Authority. The City's Risk Manager suggested that the Board of Supervisors clarify that the City's coverage applies to the Treasure Island Development Authority.

Mr. Green asked if when the Risk Manager gets data and costs for insurance, if this item would return for Authority consideration and Mr. Cohen replied that it could be a regular budget item for their and the Board of Supervisors review. He also asked if there was a place holder in the budget for insurance and Ms. Arbuckle replied that it could be included under Professional and Specialized Services.

Action: Moved by Mr. Green, seconded by Mr. Elberling to adopt Item 11, passed 3-0 (Mr. Morales and Mr. Wong were absent).

12. Resolution regarding acceptance of gifts to the Treasure Island Development Authority. (*Action item*)

Mr. Cohen explained that this is a corporate housekeeping item, which codifies state law requirements regarding the setting of procedures for accepting gifts.

Mr. Elberling asked if there were any gifts under consideration and the answer was no.

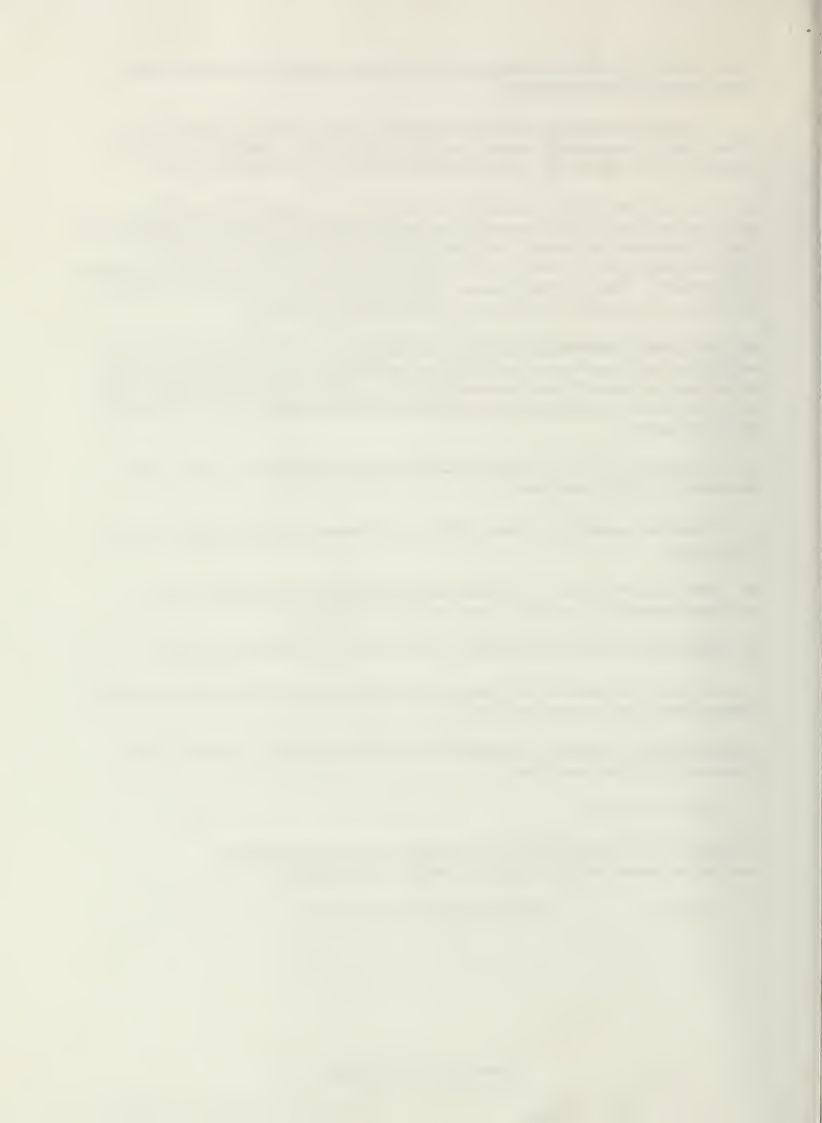
Mr. Green asked whether these gifts would be to the Authority or to individual directors and Mr. Cohen explained that it was to the Authority.

Action: Moved by Mr. Elberling, seconded by Mr. Green to adopt Item 12, passed 3-0 (Mr. Morales and Mr. Wong were absent).

13. Public Comment

Jim Spagnole, asking about the terms of the lease for the gym and Shipshape.
David Nelson, asking for a date when public access will be available.

14. Adjourn The meeting adjourned at 2:15 p.m.



For 6097 - 1st Posted on 5/11/98
DOCUMENTS DEPT.

MAY 13 1998

SAN FRANCISCO
PUBLIC LIBRARY

AGENDA

TREASURE ISLAND DEVELOPMENT AUTHORITY

CITY AND COUNTY OF SAN FRANCISCO

Ferry Building, Suite 3100
San Francisco, California

WEDNESDAY, MAY 20, 1998 1 PM
REGULAR MEETING

Willie L. Brown, Jr., Mayor

DIRECTORS

Dale Carlson, Chairperson
John Elberling, Vice-Chairperson
Gerald Green
Anne Halsted
James Morales
Donna Provenzano
Doug Wong

Annmarie Conroy
Executive Director
Mayor's Office Treasure Island Project

TREASURE ISLAND DEVELOPMENT AUTHORITY

Disability Access

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Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

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Treasure Island Development Authority

Ferry Building, Suite 3100

May 20, 1998 – 1:00 PM

ORDER OF BUSINESS

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Resolution Approving and Adopting the First Amended Bylaws of the Treasure Island Development Authority and Fixing the Number of Directors at Seven. *(Action item)*
5. Communications
6. Ongoing Business by Directors
7. Introduction of New Business by members
8. Report of the Treasure Island Project Director Annemarie Conroy
 - Financial status of Treasure Island Project
 - Status of environmental clean up
 - Update on agreement with the John Stewart Company to manage housing on Treasure and Yerba Buena Islands
 - Report on short term leases
 - Proposal to prohibit jet skis along San Francisco shoreline
 - Report on passage of Yaki legislation
9. Resolution approving TIDA budget for 1998-1999 *(Action item)*
10. Public Comment
11. Adjourn

Treasure Island Development Authority
410 Palm Avenue, Building 1
Treasure Island
San Francisco, CA 94130



Ms. Kate Wingerson
Document Library
Main Library
100 Larkin St.
San Francisco CA 94102

Next meeting: Wednesday, June 17, 1998 at 1pm

A binder of supporting material is available for public viewing at the Mayor's Treasure Island Project office, 410 Palm Avenue, on Treasure Island and at the Government Information Center reference desk, Main Library, Civic Center.

OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 AVENUE OF THE PALMS
BUILDING 1, 2ND FLOOR
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299

OF

T74

#1

5/20/98

MEMORANDUM

DATE: May 12, 1998

TO: Dale Carlson
John Elberling
Gerald Green
Anne Halsted
James Morales
Donna Provenzano
Doug Wong

FROM: Joan Rummelsburg

RE: Next TIDA meeting

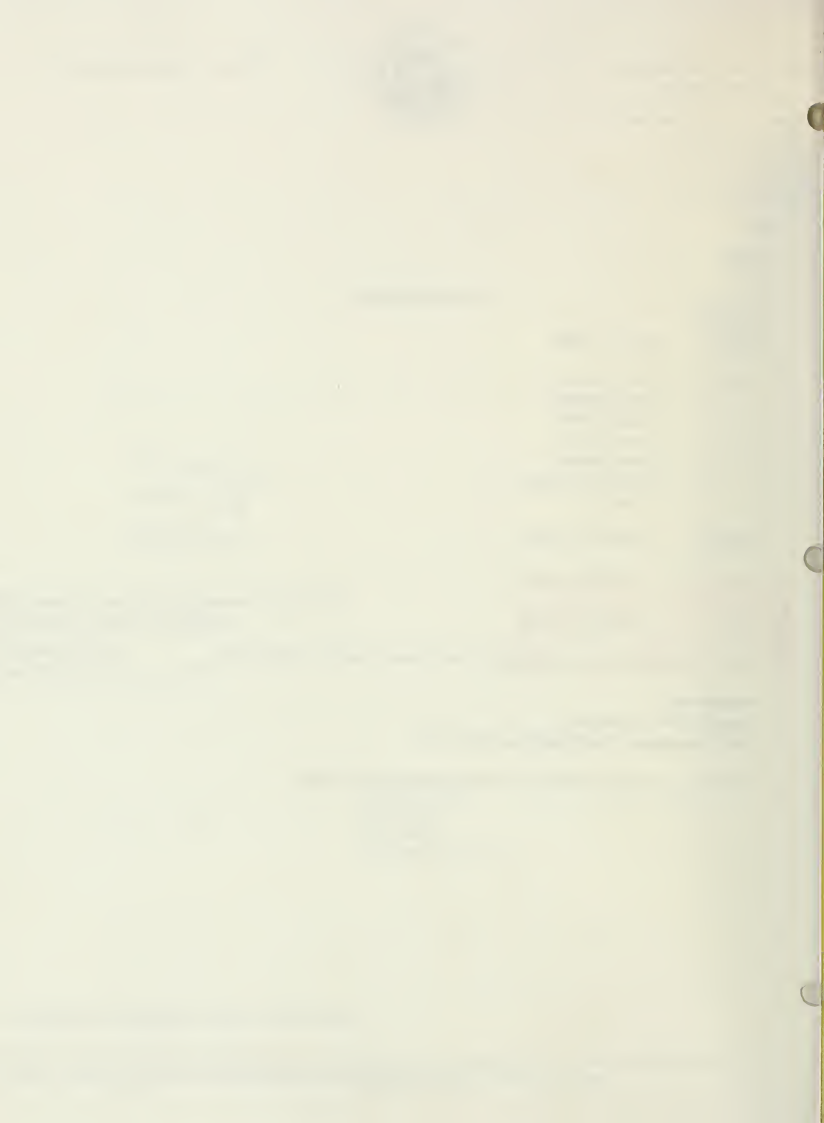
CC: Annemarie Conroy

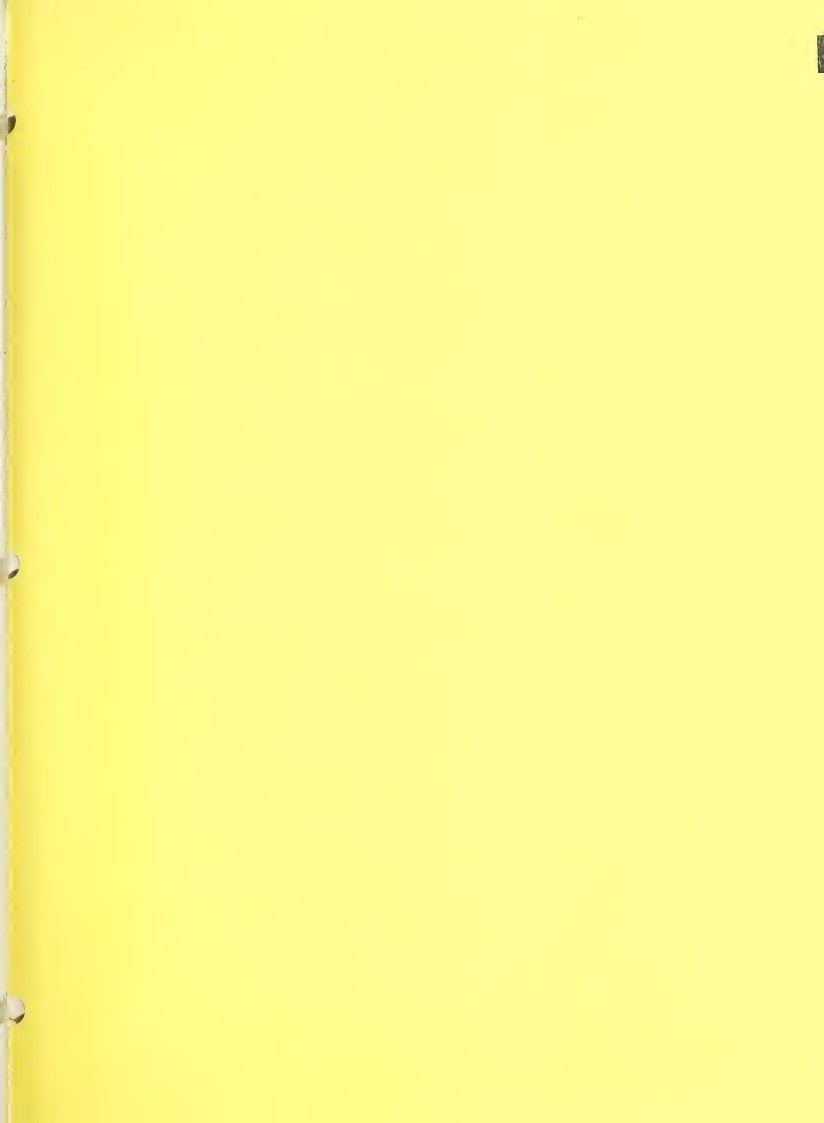
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PUBLIC LIBRARY

The next meeting of the Treasure Island Development Authority will be held:

Wednesday
May 20, 1998 at 1:00 p.m.
Port Commission, Ferry Building, Suite 3100

Enclosed are packets of material for consideration at that meeting.





AGENDA

TREASURE ISLAND DEVELOPMENT AUTHORITY

CITY AND COUNTY OF SAN FRANCISCO

Ferry Building, Suite 3100
San Francisco, California

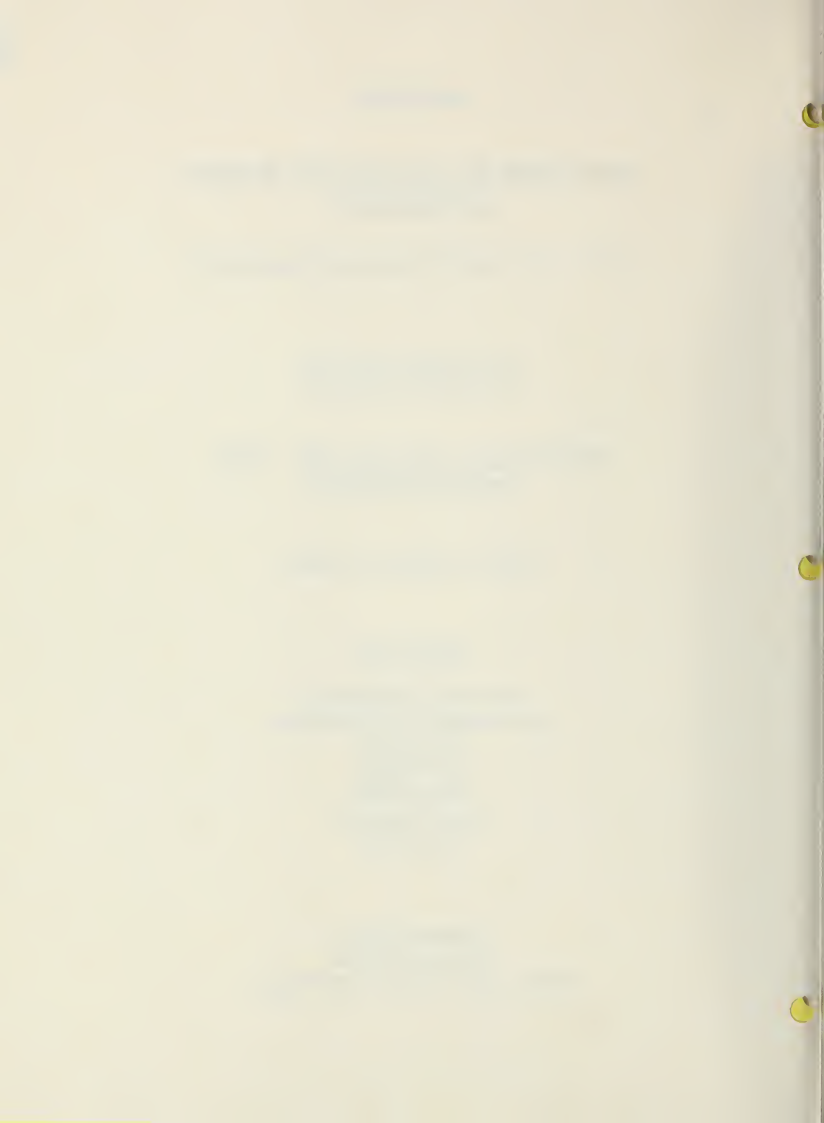
**WEDNESDAY, MAY 20, 1998 1 PM
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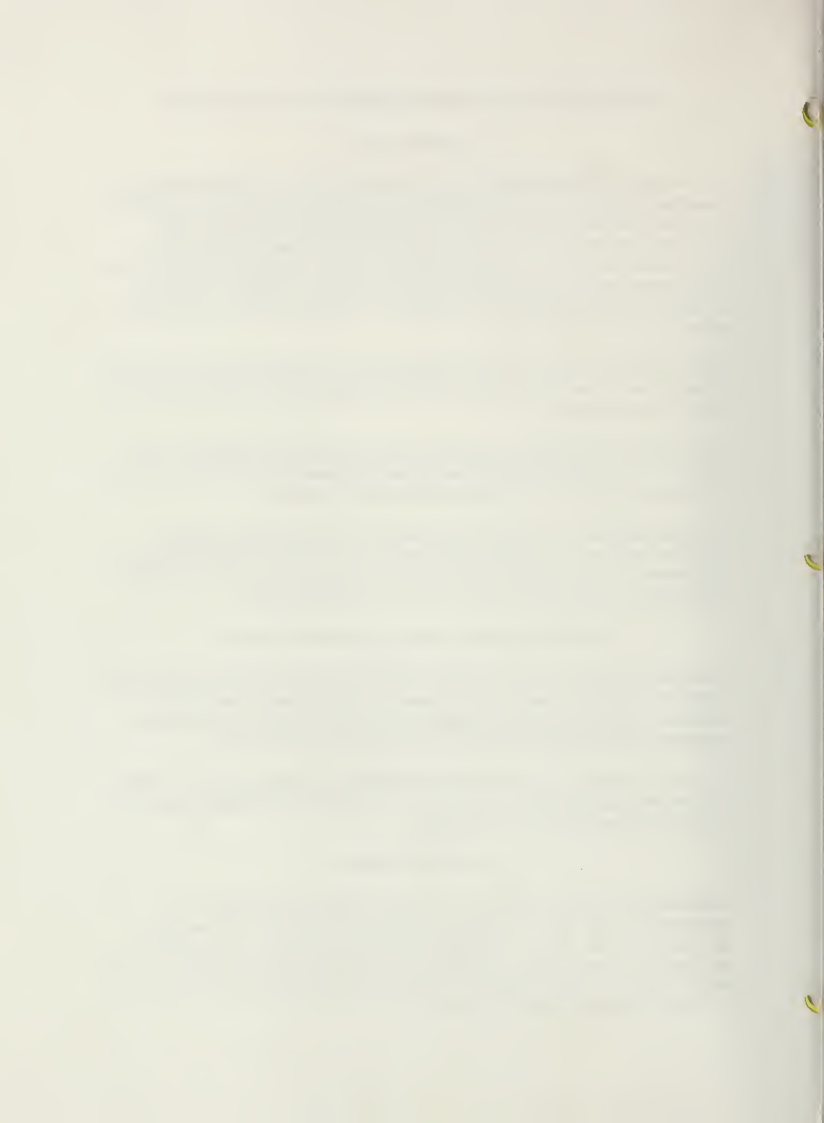
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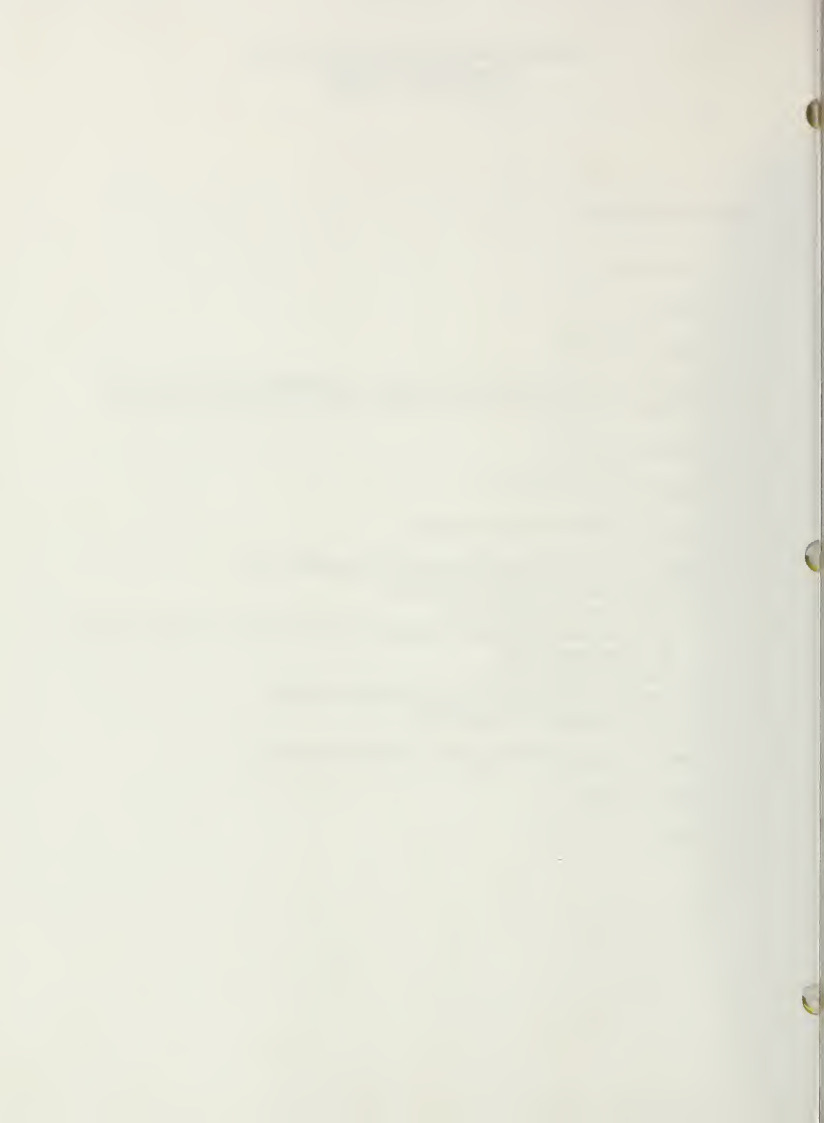
Treasure Island Development Authority

Ferry Building, Suite 3100

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Treasure Island Development Authority

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Treasure Island Development Authority
410 Palm Avenue, Building 1
Treasure Island
San Francisco, CA 94130

Next meeting: Wednesday, June 17, 1998 at 1pm

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**Treasure Island Development Authority
Minutes of the meeting April 15, 1998**

DRAFT

1. Call to Order: 1:10 p.m. in Room 3100 of the Ferry Building
2. Roll Call: Present: Dale Carlson, Chair
John Elberling, Co-Chair
Doug Wong (left at 1:30 pm)
Gerald Green

Excused: Jim Morales
3. Approval of Minutes: The minutes of March 11, 1998 were approved.
4. Communications: Mr. Carlson reported that several letters
had been received and asked that they be sent a reply.
5. Ongoing Business by Directors

There was none.
6. Introduction of New Business by Directors

There was none.
7. Report of the Treasure Island Project Director Annemarie Conroy
 - Report on the access policy for Treasure Island
 - Status of environmental clean up
 - Report on short term leases

Ms. Conroy reported that a short term lease had been given to the SF Police Department for use of the gymnasium and the Shipshape for Police Academy classes.

She also reported that:

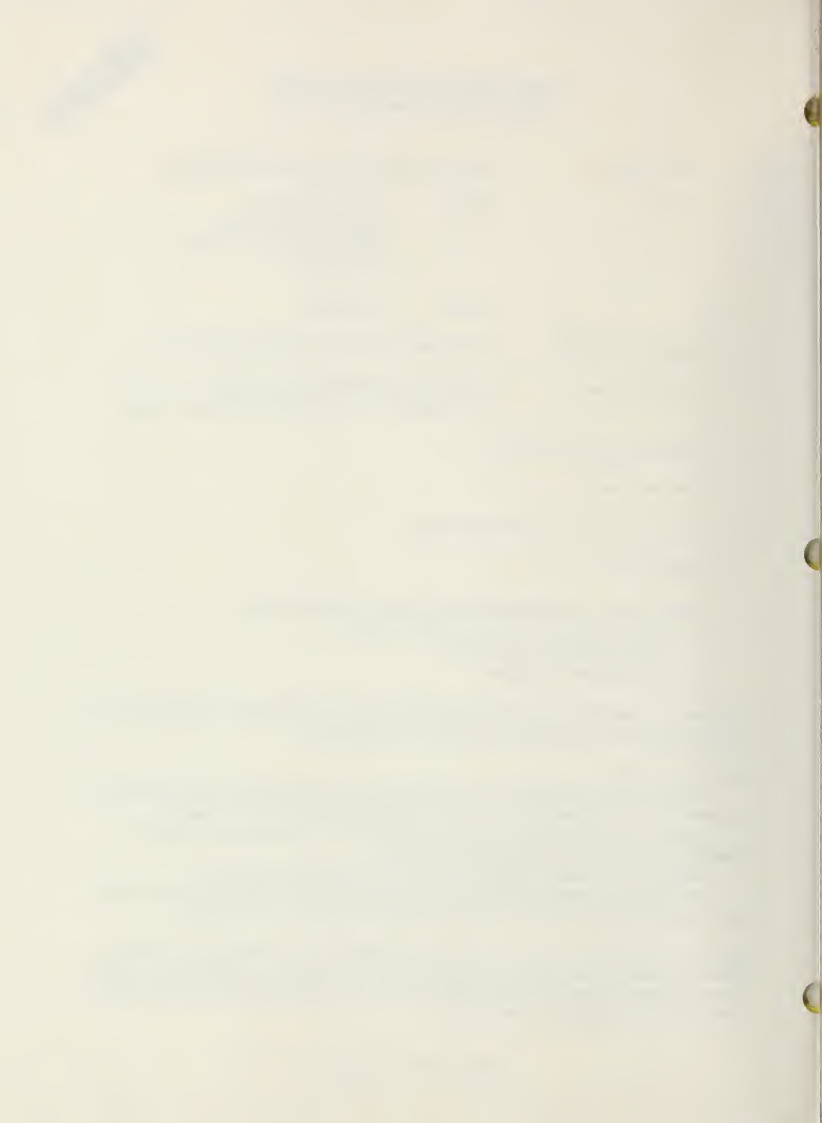
Senator Kopp has had full access to information on Treasure Island. His staff was given 6-8 hours of Treasure Island Project staff time and they were not denied any records.

Supervisor Michael Yaki will be hearing legislation in his committee on April 21st regarding the Treasure Island Development Authority.

Several ferry companies are interested in providing service to the island.

Job Corps is planning to increase its population. Staff met with them in order to work together regarding their programs, construction, timetable, and city service needs.

Regarding the access policy, Ms. Conroy explained that there was an accident by a SF Police Officer on Treasure Island streets and he is suing the Navy. The access policy is up to the Navy, and they are concerned about liability issues. Organized events approved by the Navy, such as Operation Dream and Hoop it Up are okay.



Mr. Carlson asked whether the public was allowed access near the photo booth stand (look out area) to enjoy the views of the SF skyline. Ms. Conroy replied affirmatively.

Mr. Elberling asked whether the security plan required by the Navy had been completed. Ms. Conroy replied that staff is evaluating the agreements made under the Cooperative Agreement and that the SF Police Department (SFPD) and TURF are currently providing security.

Mr. Carlson asked about the lease of the gym with the SFPD. Ms. Conroy replied that is was for use primarily by the Police Academy, but that negotiations are going on regarding its use for the Sheriff's Department and organized public basketball games. The SFPD is paying for the use of the gym.

Martha Walters of the SF Redevelopment Agency reported on the environmental clean up plans for the housing area on Treasure Island (Site 12). There was a discussion regarding funding, priorities, contracting of the work, costs, and importance of the clean up. Mr. Elberling asked Ms. Walters for a copy of the map outlining the site.

8. Report of the Financial Manager

- Presentation on the proposed budget of the Mayor's Treasure Island Project

Eila Arbuckle distributed copies of the FY 1999 Treasure Island Budget Proposal. She explained that it includes very conservative projected revenues, the use of no general fund monies, incorporates maximum flexibility, and takes into account Tidelands Trust provisions. The budget is broken into 12 cost centers: project administration, TI special events, YBI special events, film studio rentals, TI film permits, YBI film permits, TI marina, TI housing, YBI housing, Federal OEA grants, City Navy agreement, and California DAM grants.

Mr. Elberling asked if she could split the costs of property management versus longterm planning and Ms. Arbuckle replied affirmatively. He also asked what the cost of the Homeless Service component was. Ms. Arbuckle explained that the city has a current contract with TIHDI for \$75,000, but has not negotiated any future contracts nor analyzed the homeless services agreement. Mr. Elberling asked if the budget could be broken down by program.

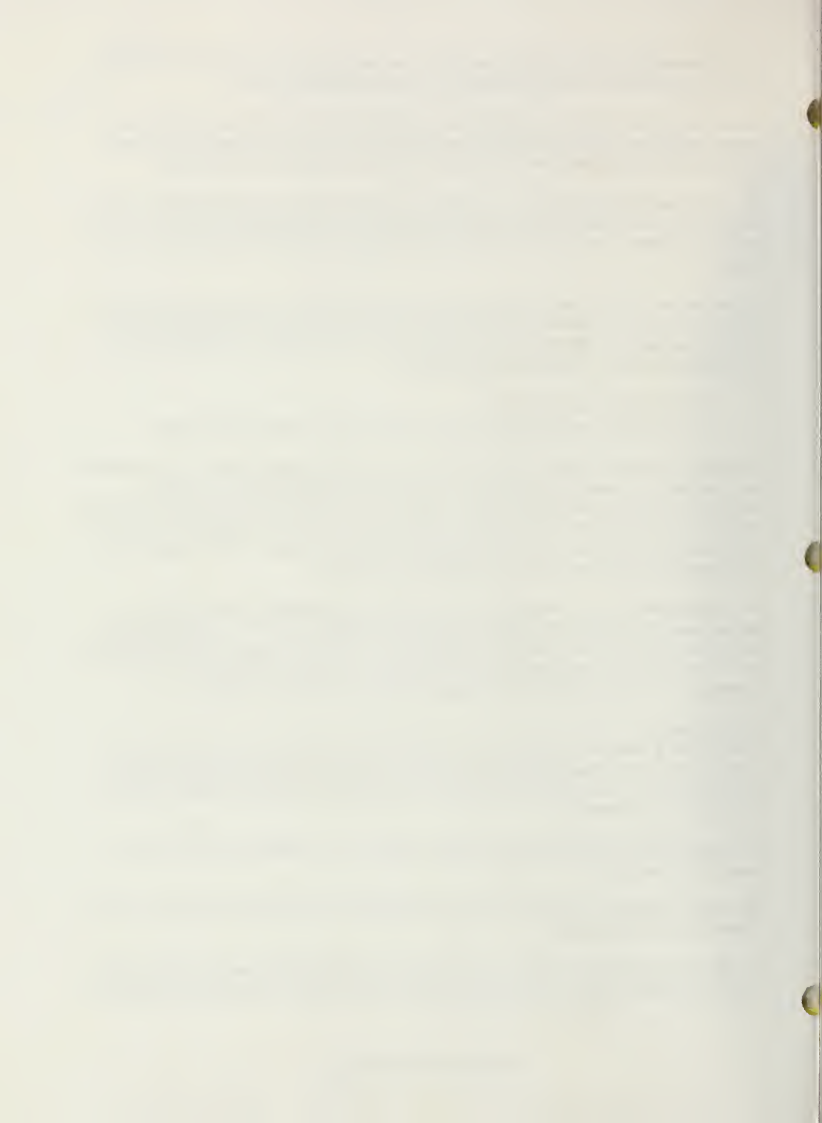
Public comment:

Maureen Bitoff asked where does the money collected by the Treasure Island project go? City Attorney Michael Cohen explained that all monies are subject to appropriation by the Board of Supervisors and is held in the General Fund, but the accounts are separately indexed because of Tideland Trust requirements.

Mr. Carlson and Mr. Elberling asked if security expenses and fire department costs could be broken out in the budget.

Mr. Carlson asked if the Authority would receive monthly or quarterly reports and Ms. Arbuckle offered to give monthly reports.

Mr. Green asked if after the budget was approved, the Authority would receive monthly reports tying the projected budget to actual expenses and revenues and Ms. Conroy replied affirmatively.



9. Resolution approving Memorandum of Agreement with the John Stewart Company to manage housing on Treasure and Yerba Buena Islands. (*Action item*)

Ms. Conroy explained that a term sheet with John Stewart Company was not yet available. Staff is discussing environmental clean up issues, lack of island amenities, and transportation concerns.

Mr. Green asked whether the Authority had approved the negotiations with a timeline requirement and Mr. Cohen explained that staff was given the authorization to negotiate with their second choice if needed. Mr. Green asked if staff still wanted to continue to negotiate with John Stewart and Ms. Conroy said yes and that she would like this item continued to the next meeting.

Action: A quorum was not available to vote to formally continue this item, so no action was taken. The Chair requested that it be placed on the agenda for the next meeting.

10. Resolution approving leases with the Navy for certain housing on Yerba Buena Island and the Treasure Island Marina. (*Action item*)

Ms. Conroy explained that the Authority would be approving the terms of these leases but they would not be executed until they are ready to sublease. Mr. Cohen explained that the City asked the Navy to prepare these leases when the Treasure Island Project was on a fast track to lease the housing and develop the Marina.

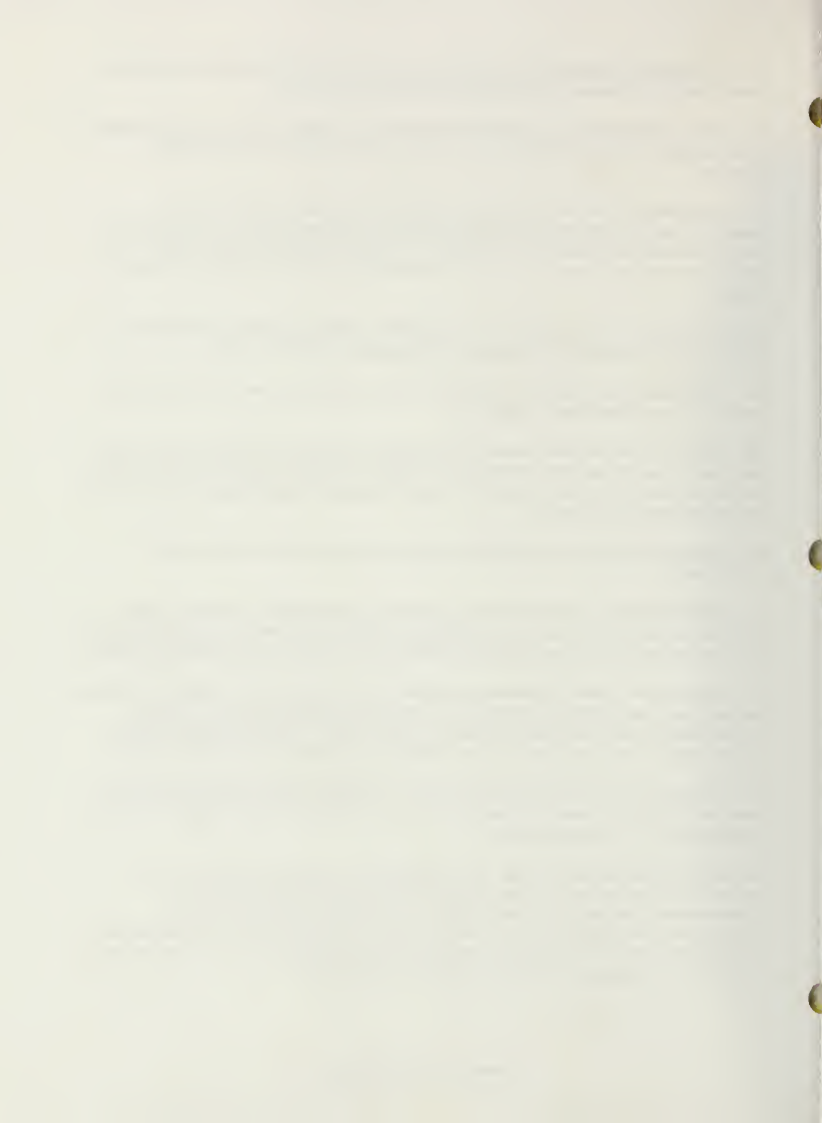
Mr. Green asked if the leases would terminate upon conveyance and Mr. Cohen replied affirmatively.

Mr. Carlson asked about the cost of the lease and Mr. Cohen replied that the costs would be \$.003 per square foot of exterior space and \$.050 per square foot of interior space. He also asked how soon we were required to sign the leases and was told that they could be signed at any time.

Mr. Elberling asked whether all hazardous material would be abated and Mr. Cohen replied that the Navy completes a Finding Of Suitability to Lease (FOSL) before leasing any property. He also asked whether this lease includes the TIHDI housing on Yerba Buena island and Mr. Cohen answered that of the 60 units, 41 are for initial city use and 19 will be used by TIHDI.

Mr. Elberling asked what was included in Exhibit B – Personal Property and when would it be completed. He also discussed the importance of personal property for the Homeless Conveyance and asked that it be thoroughly tracked.

Mr. Carlson asked about the lead shot in the Marina and Mr. Cohen replied that the areas outlined in the Marina lease have had a completed FOSL. Jim Sullivan, the Navy's Environmental Coordinator, explained that they are compiling an Offshore Remedial Investigation report for the other areas, which should be available this year. Mr. Green asked if we would be in trouble for suggesting an expansion of the Marina and Mr. Cohen replied that we would need to set parameters and a phased approach to expansion.



Action: Moved by Mr. Elberling, seconded by Mr. Green to adopt Item 10, passed 3-0 (Mr. Morales and Mr. Wong were absent).

11. Resolution authorizing the Treasure Island Project office to procure Directors and Officers liability insurance and requesting the Board of Supervisors extend its self-insurance coverage to the activities of the Treasure Island Development Authority. (*Action item*)

Mr. Cohen explained that this item calls for the adoption by the Authority of a resolution authorizing the Project Office to obtain Officers and Directors liability insurance on behalf of the Board of Directors of the Authority and to submit a proposed resolution to the Board of Supervisors seeking authorization to extend the City's program of self-insurance to the activities of the Authority. The City's Risk Manager suggested that the Board of Supervisors clarify that the City's coverage applies to the Treasure Island Development Authority.

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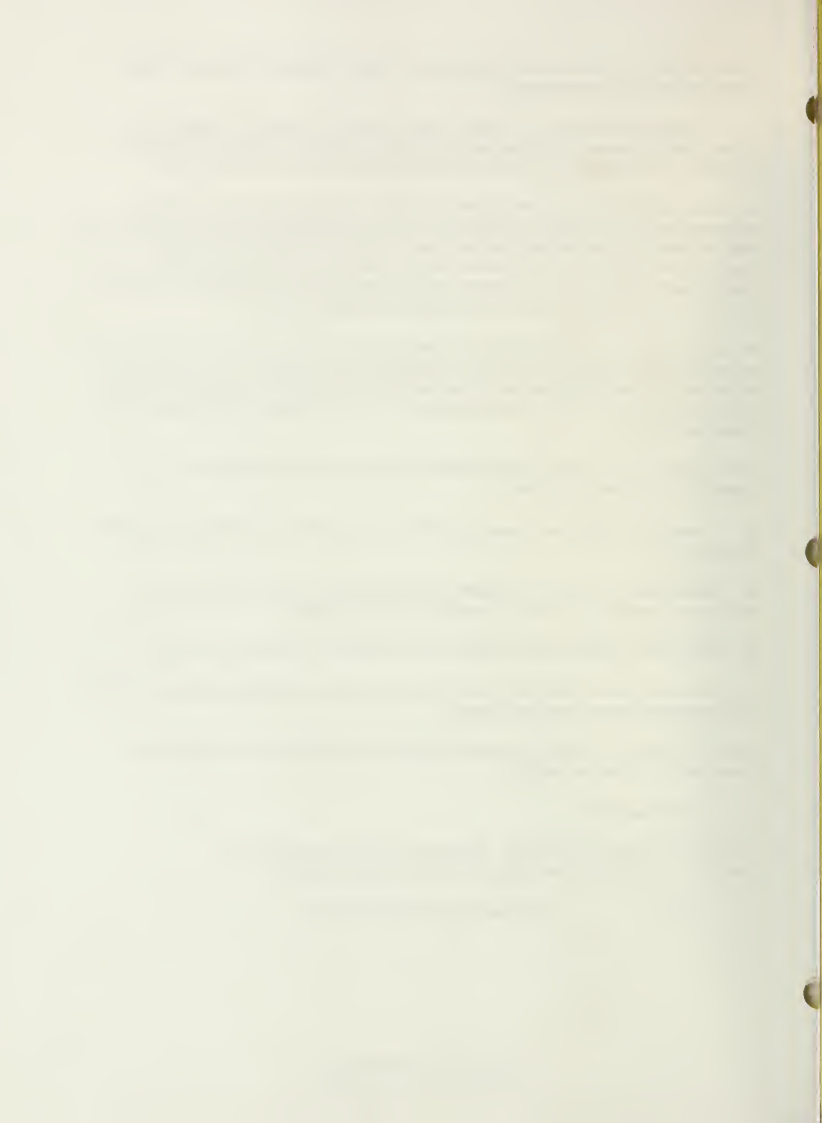
Mr. Green asked whether these gifts would be to the Authority or to individual directors and Mr. Cohen explained that it was to the Authority.

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13. Public Comment

Jim Spagnole, asking about the terms of the lease for the gym and Shipshape.
David Nelson, asking for a date when public access will be available.

14. Adjourn The meeting adjourned at 2:15 p.m.



Staff Summary of Agenda Item 4

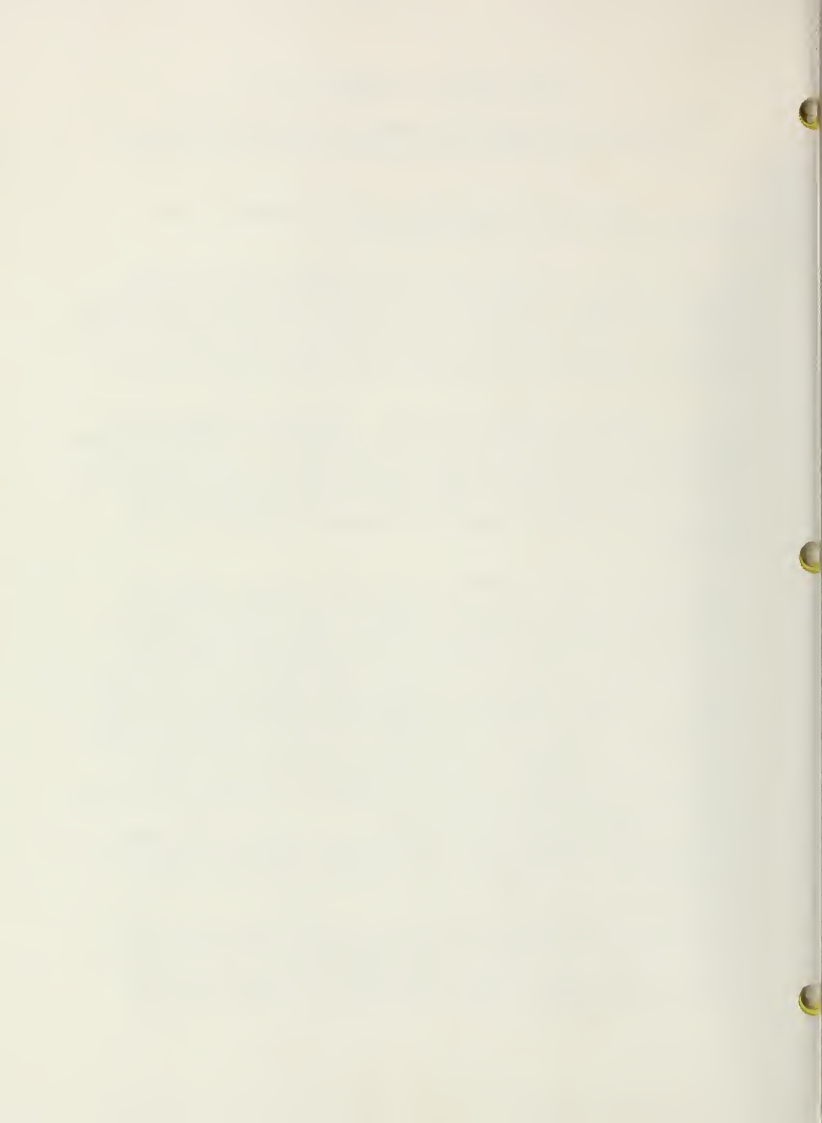
Resolution Approving First Amended and Restated Bylaws and Increasing the Number of Directors from Five to Seven

This item addresses two matters related to the corporate governance of the Authority.

First, on April 21, 1998, the Mayor appointed two additional members to the Board of Directors of the Treasure Island Development Authority. In a prior resolution, the number of Directors, for purposes of establishing a quorum and otherwise, had been fixed at five (5). This resolution would increase the number of designated Directors to seven (7).

Second, on April 27, 1998, the Board of Supervisors adopted a Resolution which imposed a variety of restrictions and requirements on the activities of the Authority. Although most of these restrictions and requirements were already in place, in order to fully comply with the terms of the Resolution, the Bylaws of the Authority should be amended to provide for the following:

1. That no card rooms, casinos or any other type of gambling activities (except solely for the sale of LOTTO tickets or other programs run by the California State Lottery System to the extent otherwise permitted in San Francisco) shall be permitted on the Base, even if the Constitution of the State of California is amended to permit such gambling activities.
2. That all leases, contracts or agreements entered into by the Authority having a term in excess of ten (10) years or having anticipated revenues of one million dollars (\$1,000,000) or more, or any amendment or modification of any such lease, agreement or contract, shall be subject to the approval of the Board of Supervisors by resolution.
3. That, in addition to being subject to all applicable state conflict of interest laws, the Authority shall be subject to the provisions of Sections 15.103 and C8.105 of the City's Charter.
4. That any appointment by the Mayor of a member of the Board of Directors of the Authority, other than the appointment of a member who, at the time of such appointment, is an Officer of the City and County of San Francisco or the San Francisco Redevelopment Agency, shall be subject to confirmation and



approval by the Board of Supervisors in the same manner and by the same process that the Board of Supervisors approves and confirms appointments to the San Francisco Redevelopment Agency Commission. Members of the Board of Directors who are also Officers of the City or the Redevelopment Agency, would continue to be subject to the same appointment and confirmation process applicable to other City Commissioners. City Commissioners are appointed by the Mayor, which appointment becomes effective immediately, but is subject to disapproval by the Board of Supervisors by a 2/3 vote within 30 days of the date of transmission of notice of such appointment to the Board. Redevelopment Agency Commissioners are also appointed by the Mayor. However, their appointments are not effective until they are approved by a majority vote of the Board of Supervisors.

5. That any contract or property contract that the Authority may enter into shall be subject to the terms and conditions of Sections 12B and 12C of the San Francisco Administrative Code, including, but not limited to, the provisions of the City's non-discrimination in benefits ordinance.

This resolution would adopt and approve amended and restated Bylaws which incorporate the foregoing changes.



[Amendment of Bylaws and Increase in the Number of Directors]
APPROVING AND ADOPTING THE FIRST AMENDED AND RESTATED BYLAWS OF THE
TREASURE ISLAND DEVELOPMENT AUTHORITY AND FIXING THE NUMBER OF
DIRECTORS OF THE AUTHORITY AT SEVEN.

WHEREAS, Naval Station Treasure Island is a military base
located on Treasure Island and Yerba Buena Island (together, the
"Base"), which is currently owned by the United States of America
(the "Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and
disposition by the Base Realignment and Closure Commission in 1993,
acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, In 1995, the General Service Administration and
the Bureau of Land Management determined that Yerba Buena Island was
surplus to the Federal Government's needs and could be transferred to
the administrative jurisdiction of the Department of Defense under
the Base Closure and Realignment Act of 1990 and disposed of together
with Treasure Island; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed
Resolution No. 380-97, authorizing the Mayor's Treasure Island
Project Office to establish a nonprofit public benefit corporation
known as the Treasure Island Development Authority (the "Authority")
to act as a single entity focused on the planning, redevelopment,
reconstruction, rehabilitation, reuse and conversion of the Base for
the public interest, convenience, welfare and common benefit of the
inhabitants of the City and County of San Francisco; and,



1 WHEREAS, Under the Treasure Island Conversion Act of 1997,
2 which amended Section 33492.5 of the California Health and Safety
3 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
4 (the "Act"), the California legislature (i) designated the Authority
5 as a redevelopment agency under California redevelopment law with
6 authority over the Base upon approval of the City's Board of
7 Supervisors, and, (ii) with respect to those portions of the Base
8 which are subject to the Tidelands Trust, vested in the Authority the
9 authority to administer the public trust for commerce, navigation and
10 fisheries as to such property; and

11 WHEREAS, The Tidelands Trust prohibits the sale of trust
12 property into private ownership, generally requires that Tidelands
13 Trust property be accessible to the public and encourages public-
14 oriented uses of trust property that, among other things, attract
15 people to the waterfront, promote public recreation, protect habitat
16 and preserve open space; and

17 WHEREAS, The Board of Supervisors approved the designation
18 of the Authority as a redevelopment agency with powers over Treasure
19 Island in Resolution No. 43-98, dated February 6, 1998; and

20 WHEREAS, On April 21, 1998, the Mayor of the City and
21 County of San Francisco appointed two additional Directors to the
22 Board of Directors of the Authority, increasing the total number of
23 Directors from five to seven; and,

24 WHEREAS, On or about April 27, 1998, the Board of
25 Supervisors adopted Resolution No. 98-0430 which, among other things,



1 directed the Authority to amend its Bylaws to (i) subject the
2 Authority to, in addition to all applicable state conflict of
3 interest laws, the provisions of Sections 15.103 and C.8105 of the
4 City's Charter, (ii) provide that the appointment by the Mayor of
5 certain Directors shall be subject to the confirmation process
6 applicable to Redevelopment Agency Commissioners, as opposed to the
7 confirmation process applicable to City Commissioners, (iii) subject
8 the contracts and other agreements of the Authority to the terms and
9 conditions of Sections 12B and 12C of the City's Administrative Code,
10 including, without limitation, the provisions of the non-
11 discrimination in benefits ordinance, (iv) require Board of
12 Supervisors approval of all Authority contracts or agreements having
13 a term in excess of ten (10) years or anticipated revenues of one
14 million dollars (\$1,000,000), or more, and (v) prohibiting card
15 rooms, casinos or any other types of gambling activities on the Base,
16 even if the Constitution of the State of California is amended to
17 permit such gambling activities; now therefore, be it

18 RESOLVED, That the Board of Directors of the Authority
19 hereby adopts and approves the First Amended and Restated Bylaws of
20 the Treasure Island Development Authority (the "Amended Bylaws"), a
21 red-lined copy of which (marked to show changes from the original
22 bylaws) is attached to this Resolution as Exhibit A, and the
23 Secretary of the Authority is hereby directed to execute a
24 Certificate of Adoption of said Amended Bylaws and insert the Amended
25 Bylaws as so certified in the Minute Book of the Authority and to



1 keep a copy of such Minute Book at the principal office of the
2 Authority; and be it

3 FURTHER RESOLVED, That the Authority's Board of Directors
4 shall be comprised of seven (7) Directors and the Secretary of the
5 Authority is directed to include in the minute book of the Authority,
6 the names and addresses of the two newest members of the Board of
7 Directors-Ann Halsted and Donna Provenzano.
8
9

10 CERTIFICATE OF SECRETARY

11 I hereby certify that I am the duly elected and acting Secretary of
12 the Treasure Island Development Authority, a California nonprofit public
13 benefit corporation, and that the above Resolution was duly adopted and
14 approved by the Board of Directors of the Authority at a properly noticed
15 meeting on May 20, 1998
16
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EXHIBIT A

**FIRST AMENDED AND RESTATED BYLAWS OF THE
TREASURE ISLAND DEVELOPMENT AUTHORITY**



FIRST AMENDED AND RESTATED BYLAWS
OF
TREASURE ISLAND DEVELOPMENT AUTHORITY
(a California Nonprofit Public Benefit Corporation)

ARTICLE I

NAME

The name of this corporation is Treasure Island Development Authority ("Authority").

ARTICLE II

OFFICES

Section 1. Principal Office. The principal office for the transaction of the activities and affairs of the Authority ("Principal Office") shall be located within the City and County of San Francisco. The Principal Office is located at: The Treasure Island Project Office, 401 Palm Avenue, Building 1, Room 237, Treasure Island, San Francisco, California 94130, or at such other place as may from time to time be designated by the Board of Directors of the Authority ("Board").

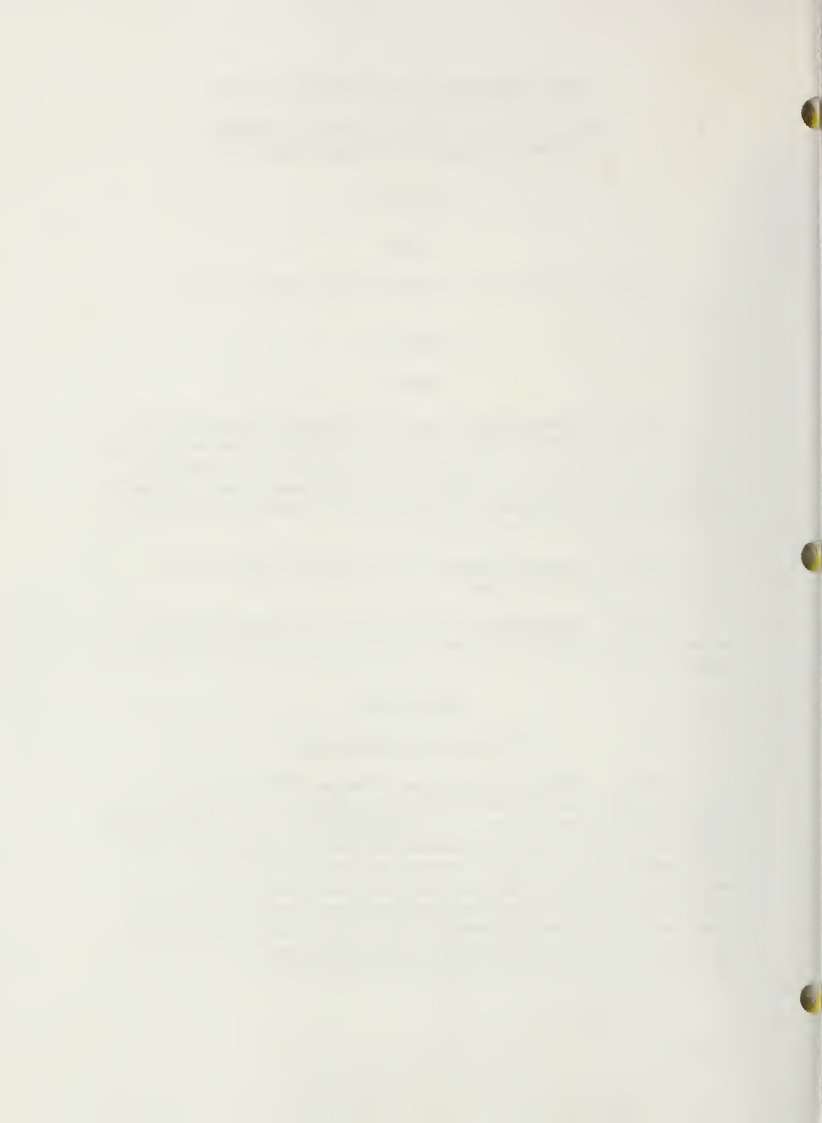
Section 2. Change of Address. The city and county of the Authority's principal office shall not be changed.

Section 3. Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Authority is qualified to conduct its activities.

ARTICLE III

PURPOSES AND LIMITATIONS

Section 1. Objectives and Purposes. Consistent with the Articles of Incorporation of the Authority and the provisions of the Treasure Island Conversion Act of 1997 (amending Section 33492.5 of the California Health and Safety Code and adding Section 2.1 to Chapter 1333 of the Statutes of 1968) (the "Treasure Island Act"), the specific purpose of the Authority is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of that certain property commonly known as Naval Station Treasure Island, including Treasure Island and Yerba Buena Island, and all tide and submerged lands and rights of access and other appurtenances thereto (the "Base"), for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco (the "City").



Section 2. Nonpartisan Activities. Consistent with the Articles of Incorporation of the Authority, no substantial part of the activities of the Authority shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, as amended ("Code") and Section 23704.5 of the California Revenue and Taxation Code. The Authority shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

Section 3. Dedication of Assets. Consistent with the Articles of Incorporation of this corporation, all funds shall be used for the purposes designated in Article III, Section 1 of these Bylaws. No part of the net earnings or assets of this Authority shall inure to the benefit of its Directors, trustees, or officers, or to any private person excepting only the City or the State of California.

ARTICLE IV

MEMBERS

This corporation shall not be deemed to have any "members" within the meaning of Section 5056 of the California Corporations Code. Accordingly, any action that would require approval by the members shall require only approval by the Board. All rights which would otherwise vest in the members shall vest in the Board.

ARTICLE V

DIRECTORS

Section 1. General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Corporation Law, the Treasure Island Act, and any other applicable laws, the Authority's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

Section 2. Specific Powers. Without prejudice to the general powers set forth in Article V, Section 1 of these Bylaws, but subject to the same limitations and applicable laws, including, to the extent applicable, the Treasure Island Act, the City's Charter and the public trust for commerce, navigation and fisheries, the Directors shall have the power to:

(a) Formulate, evaluate and approve goals, objectives, plans and programs and set policies consistent with the overall objectives of the City and the final reuse plan adopted for the Base regarding the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base.

(b) Appoint and remove, at the pleasure of the Board, all the Authority's officers, agents, and employees; prescribe powers and duties for them that are



consistent with law, with the Articles of Incorporation, and with these Bylaws; and fix their compensation and require from them security for faithful performance of their duties.

(c) Change the principal office or the principal business office from one location in the City to another; cause the Authority to be qualified to conduct its activities in any other state, territory, dependency, or country, and conduct its activities within or outside California.

(d) Adopt and use a corporate seal, and alter the form of the seal.

(e) Submit to the Mayor of the City and County of San Francisco (the "Mayor") and the City's Board of Supervisors an annual budget for their consideration and approve any budget modifications or fund transfers requiring the approval of the Board of Supervisors and the Mayor.

(f) Submit to the Mayor and the City's Legislative Committee and/or Board of Supervisors proposals regarding local, state or federal legislation necessary and appropriate to effectuate the purposes of the Authority, provided, however, neither the Authority nor its Directors, shall engage in any activities which would violate the Articles of Incorporation or the provisions of Article III, Section 2, of these Bylaws.

(g) Establish a Citizens Advisory Committee to advise the Authority and its Directors on issues of public interest regarding the Base.

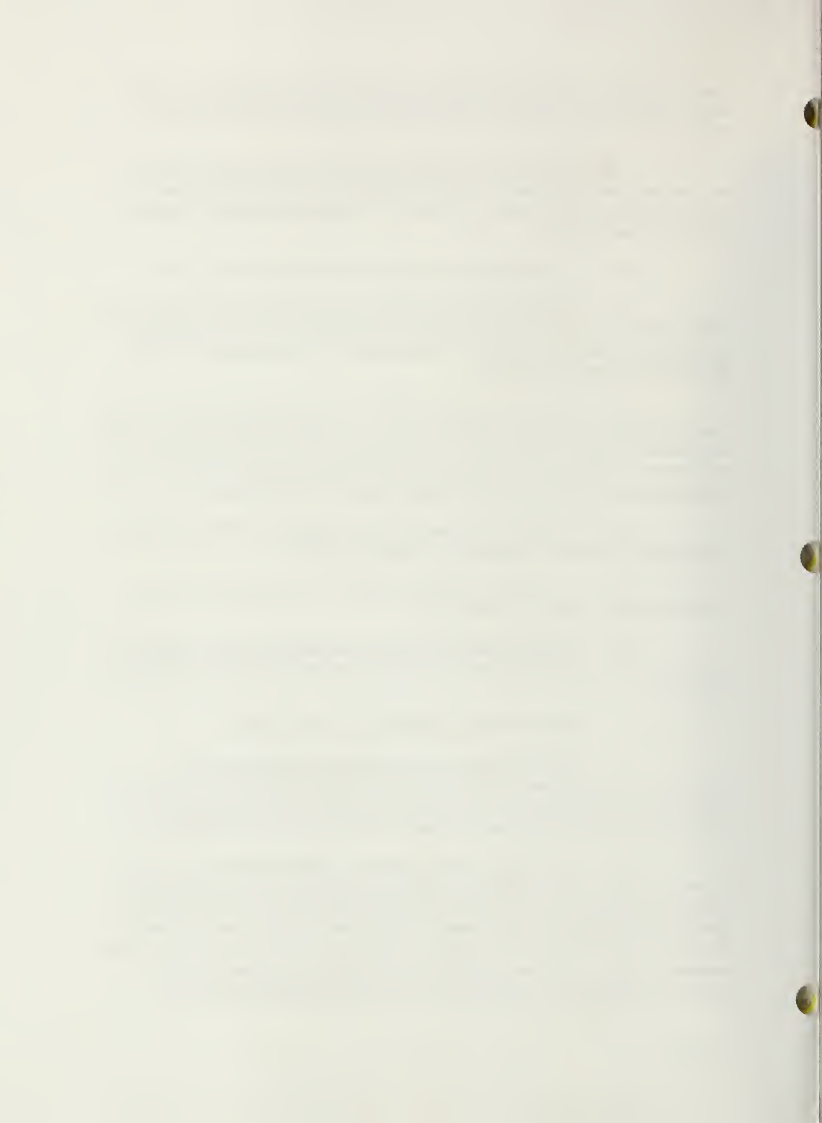
(h) Act as the Local Reuse Authority for planning and conveyance purposes pursuant to federal base closure law.

(i) Solicit proposals regarding the development of all or portions of the Base consistent with the final reuse plan for the Base adopted by the City's Board of Supervisors.

(j) Solicit charitable contributions for the Authority.

(k) Form Joint Powers Authorities and/or enter into agency agreements with governmental agencies, including without limitation, any department, commission or agency of the City, and contract with such governmental agencies for the performance of services in furtherance of and related to the purposes of the Authority.

(l) Purchase, sell, lease, exchange, transfer, assign, pledge, develop or otherwise acquire or dispose of property located on, comprising of or necessary for the operation of the Base, and approve and enter into agreements or contracts affecting the Base, including without limitation, contracts for the procurement of goods and services (including, without limitation, construction or maintenance contracts), purchase and sale agreements, option agreements, development agreements, leases, permits, grants of easements, management agreements, joint venture or partnership agreements, and



agreements with the federal government of the United States of America, the State of California, the City, or any other governmental or quasi-governmental entity (collectively, "Agreements"), and, to the extent required by the Treasure Island Act and the City's Charter, recommend such Agreements to the Mayor and the Board of Supervisors for their respective approval. provided, such Agreements shall be subject to the terms and conditions of Sections 12B and 12C of the San Francisco Administrative Code, and provided further that, any Agreements having a term in excess of ten (10) years or anticipated revenues of one million dollars (\$1,000,000) or more shall be subject to the additional approval of the Board of Supervisors, by resolution.

(m) Maintain, manage, operate, repair and improve property acquired or controlled by the Authority.

(n) Lay out, open, widen, extend, straighten, establish, change the grade and improve, in whole or in part, rights of way necessary or convenient for the Base and grade, shape, cut, fill, locate and relocate public streets and street improvements.

(o) Insure, or provide for the insurance for, any real or personal property or the operation thereof against risks and hazards, and against liabilities of the Authority or the City or their respective officers, agents and employees.

(p) Act in the corporate name to borrow money or incur indebtedness on behalf of the Authority and cause to be executed and delivered for the Authority's purposes promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation, and other evidence of debt and securities.

(q) Act in the corporate name to invest corporate funds so as to secure a reasonable return on funds not immediately needed for operating expenses or for approved projects, programs or activities.

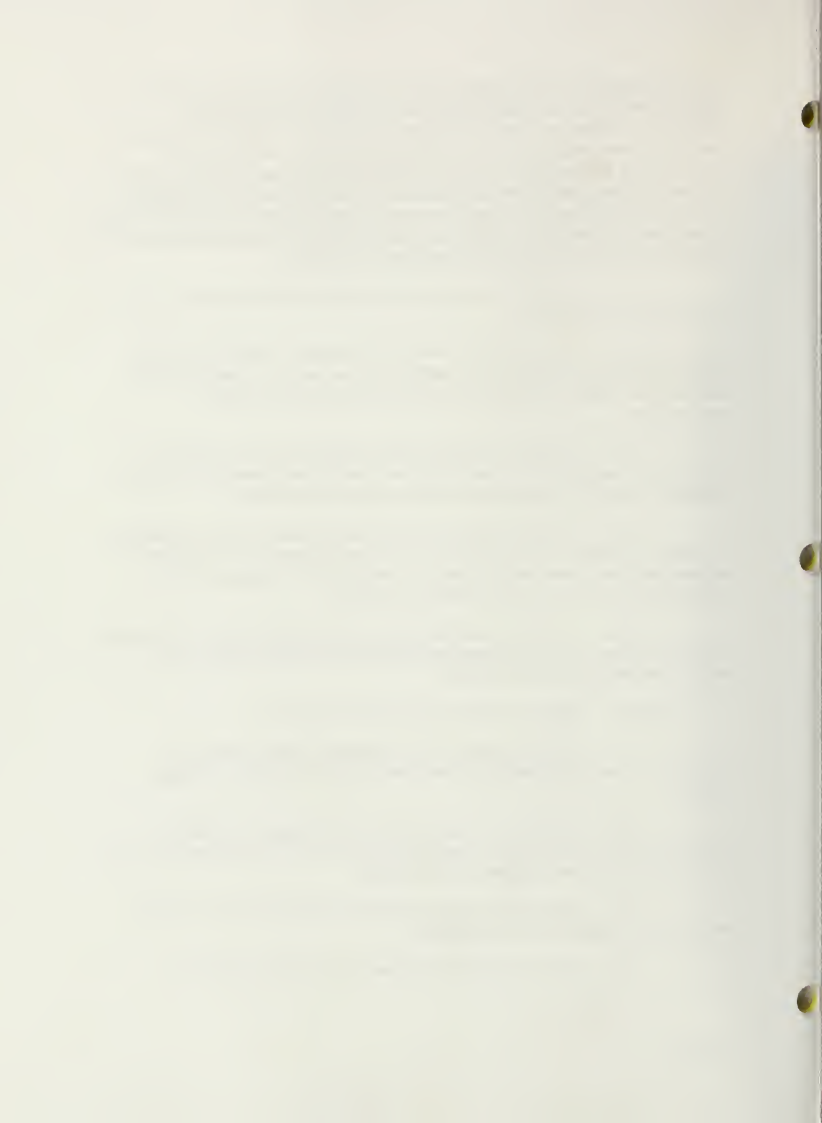
Section 3. Duties. It shall be the duty of the Directors to:

(a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this Authority, or by these Bylaws.

(b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the Authority.

(c) Supervise all officers, agents and employees of the Authority to assure that their duties are performed properly.

(d) Meet at such times and places as required by these Bylaws.



(e) Register their addresses with the Secretary of the Authority, so that notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

Section 4. Number of Directors. As provided in the Articles of Incorporation, the Board shall consist of at least five (5) Directors. The authorized number of Directors shall not be less than five (5) nor more than seven (7) until changed by a Bylaw amending this section. The exact number of Directors shall be fixed, within the prescribed limits, by a resolution adopted by the Board. Subject to the above provisions for changing the number of Directors, the authorized number of Directors of the Authority shall be five (5).

Section 5. Restrictions on Interested Persons as Directors. No more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Authority. For purposes of this section, "interested persons" means either:

(a) any person compensated by the Authority for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or

(b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person.

Section 6. Qualification of Directors. Directors shall be selected based on their expertise in the areas of real estate development, urban planning, environmental protection and resource conservation, homeless assistance, financing and other disciplines relevant to the reuse of the Base.

Section 7. Selection of Directors. Directors shall be appointed by the Mayor, ~~which, As to those Directors appointed by the Mayor who, at the time of such appointment, are Officers of the City and County of San Francisco or Officers of the San Francisco Redevelopment Agency (together, "City Officers"), their appointment(s) shall be effective immediately and remain so, unless rejected by a two-thirds vote of the City's Board of Supervisors within thirty (30) days following transmittal of written notice to the Board of Supervisors of such appointment(s). As to those Directors appointed by the Mayor who are not City Officers, their appointment(s) shall be effective upon the approval of such appointment(s) by a majority of the Board of Supervisors.~~

Section 8. Term of Office of Directors. The Mayor shall designate one Director who is first appointed to serve a term of two years, two Directors who are first appointed to serve a term of three years, and ~~two~~^{four} Directors who are first appointed to serve for a term of four years. Thereafter, each Director shall hold office for four years and until a successor has been designated and qualified. Successors for Directors whose



terms of office are then expiring shall be appointed by the Mayor. There are no limits on the number of consecutive terms a Director may hold office.

Section 9. Vacancies and Removal. A vacancy shall be deemed to exist upon the occurrence of the death or resignation of any Director, the declaration by the Board of a vacancy in the office of a Director who has been declared of unsound mind by a final order of court, or convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty under Sections 5230-5238 of the California Corporations Code, or an increase in the number of authorized Directors. Except as provided below, any Director of the Authority may resign at any time by giving written notice to the President, the Secretary, or the Board. A resignation shall be effective upon receipt of written notice by the President, the Secretary, or the Board unless the notice specifies a later time of effectiveness. Except on notice to the Attorney General of California, no Director may resign if the Authority would be left without a duly elected Director or Directors. Notwithstanding the foregoing, the Mayor may remove any Director at any time with or without cause. Any vacancies will be filled by appointment of the Mayor.

Section 10. Place of Directors' Meetings. Meetings of the Board shall be held at the principal office of the Authority unless a different place is designated by resolution of the Board or in the notice of such meeting.

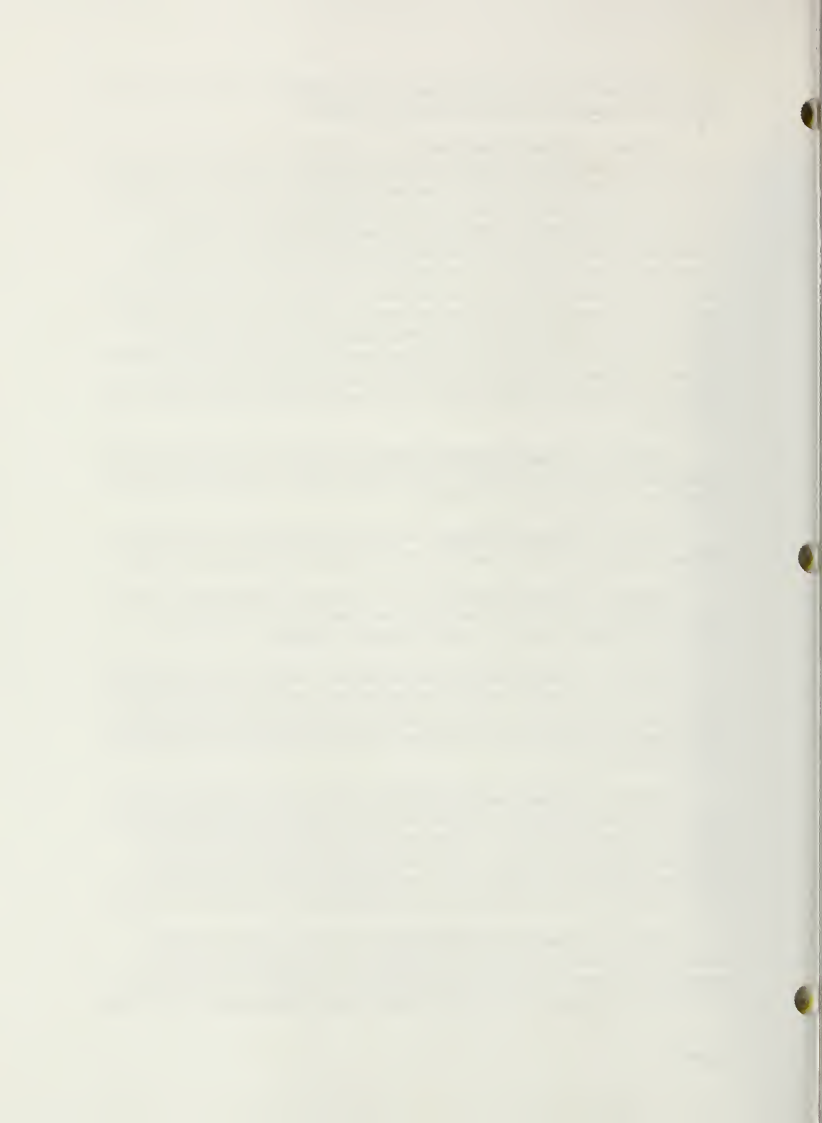
Section 11. Regular Meetings. The Board by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings.

Section 12. Special Meetings. Subject to Section 14 of this Article V, below, special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

Section 13. Quorum and Manner of Action. A majority of the total number of authorized Directors shall constitute a quorum for the transaction of business by the Board, except that less than a quorum may adjourn from time to time. No action may be taken by the Board except upon the affirmative vote of a majority of the total number of authorized Directors.

Section 14. Notice; Conduct of Meeting. All meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, being Sections 54950 to 54962 thereof) and the San Francisco Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code). The President or, in his or her absence, the Chief Financial Officer, shall preside at all meetings of the Board.

Section 15. Compensation of Directors. No Director shall be entitled to receive any compensation for serving as a Director or as an officer of the Authority, except that any Director or officer may be reimbursed for expenses duly incurred in the performance of duties as Director or officer of the Authority, upon approval of the Board.



Section 16. Conflict of Interest. A Director shall excuse himself or herself from any vote upon any matter in which that Director has a financial conflict of interest. The foregoing, however, shall not affect the right of any Director to:

- (a) Make donations to this Authority, or
- (b) Vote to fix the reasonable compensation of any Director or officer, including himself or herself, in accordance with the provisions of Section 5235 of California Corporations Code.

Section 17. Loans and Self-Dealing Transactions.

A. Loans. The Authority shall not make any loan of money or property to or guarantee the obligation of any Director or officer; provided however, that the Authority may advance money to a Director or officer of the Authority or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

B. Self-Dealing Transactions. The Board shall not approve a self-dealing transaction. A self-dealing transaction is one to which the Authority is a party and in which one or more of the Directors has a material financial interest and which does not meet the requirements of Subsection C below.

C. Exemption Requirements. The following transactions are exempted from the prohibition of Subsection B above:

- (1) a transaction which is part of a public or charitable program approved in good faith by the Board without unjustified favoritism and which results in a benefit to one or more Directors or their families only because they are in a class of persons intended to be benefited by the program;
- (2) a transaction which has been approved by the California Attorney General before or after it was consummated; and
- (3) a transaction which the Board, having knowledge of the material facts concerning the transaction and the Director's interest in the transaction, authorizes before the transaction (by a vote of a majority of the Directors then in office without counting the vote of the interested Director) after considering and in good faith determining, upon reasonable investigation under the circumstances, that (a) the transaction will be entered into by this Authority for its own benefit, (b) the transaction is fair and reasonable as to the Authority, and (c) the Authority could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

Section 18. Rights. Every Director shall have the absolute right at any reasonable time to inspect the Authority's books, records, documents of every kind,



physical properties, and the records of each of its subsidiaries. Such inspection by a Director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

Section 19. State and City Conflict of Interest Laws Applicable.

Notwithstanding anything else contained herein, but subject to the terms of the Treasure Island Act and any applicable resolutions of the City's Board of Supervisors, including without limitation, Resolution 98-0430, the Authority and its Directors shall be subject, to the extent applicable, to the conflict of interest rules arising under Sections 15.103 and C.8105 of the City's Charter, California Government Code Sections 87100, et. seq. (the "Political Reform Act") and Government Code Sections 1090, et. seq. In addition, the Authority shall adopt a conflict of interest code as required and as provided by Implementing Regulations Section 18730 of the Political Reform Act.

ARTICLE VI

COMMITTEES

Section 1. Committees of Directors. The Board may, by resolution adopted by a majority of the Directors then in office, provided a quorum is present, create one or more committees, each consisting of two or more Directors and no persons who are not Directors, to serve at the pleasure of the Board. Appointments to such committees shall be made by majority vote of the Directors then in office. The Board may appoint one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the Board resolution, shall have all the authority of the Board, except that no committee, regardless of any Board resolution, may:

(a) Approve any action that, under the California Nonprofit Corporation Law, also requires the affirmative vote of the members of a public benefit corporation.

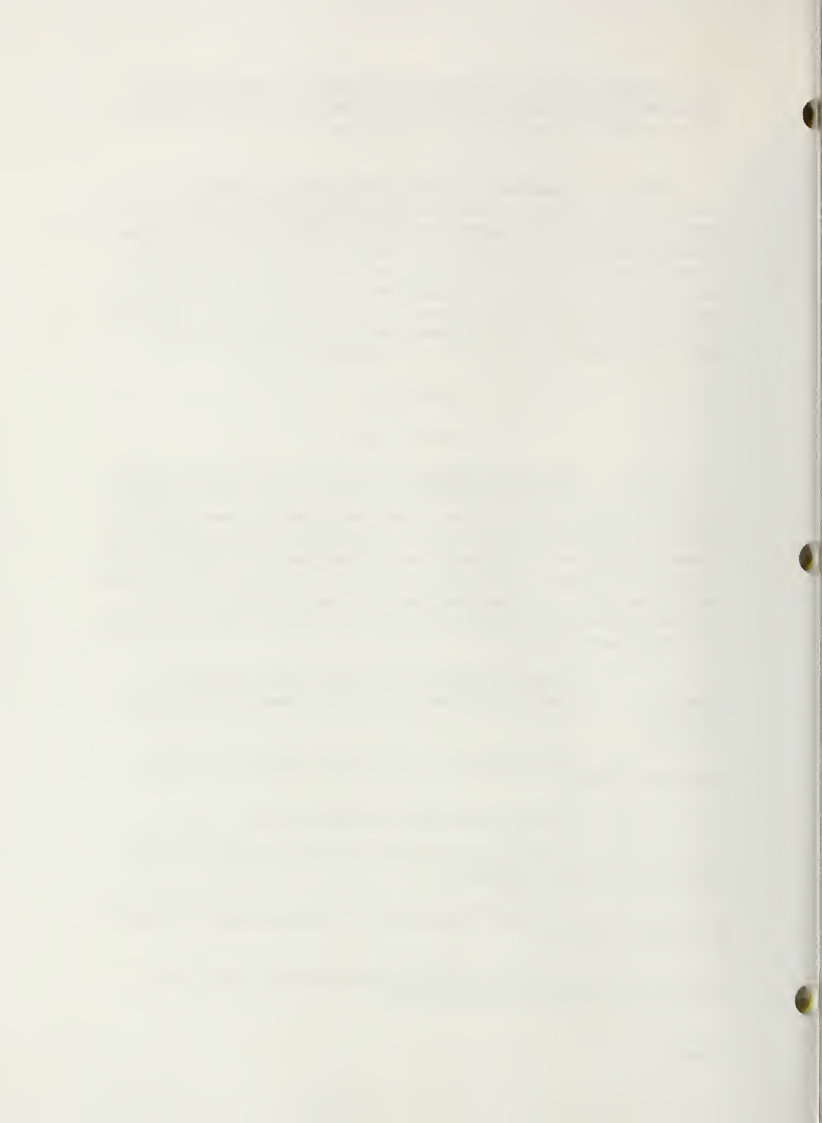
(b) Fill vacancies on the Board or on any committee that has the authority of the Board.

(c) Amend or repeal Bylaws or adopt new Bylaws.

(d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.

(e) Create any other committees of the Board or appoint the members of committees of the Board.

(f) Approve any self-dealing transaction, except as provided by Section 5233 of the California Corporations Code.



Section 2. Meetings and Action of Committees. Except as otherwise provided in this Article VI, meetings and actions of committees shall be governed by and held and taken in accordance with the provisions of Article V of these Bylaws concerning meetings of Directors, with such changes in the content of those Bylaws as are necessary to substitute the committee and its members for the Board and its members. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules for the governance of any committee not inconsistent with the provisions of these Bylaws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

ARTICLE VII

OFFICERS

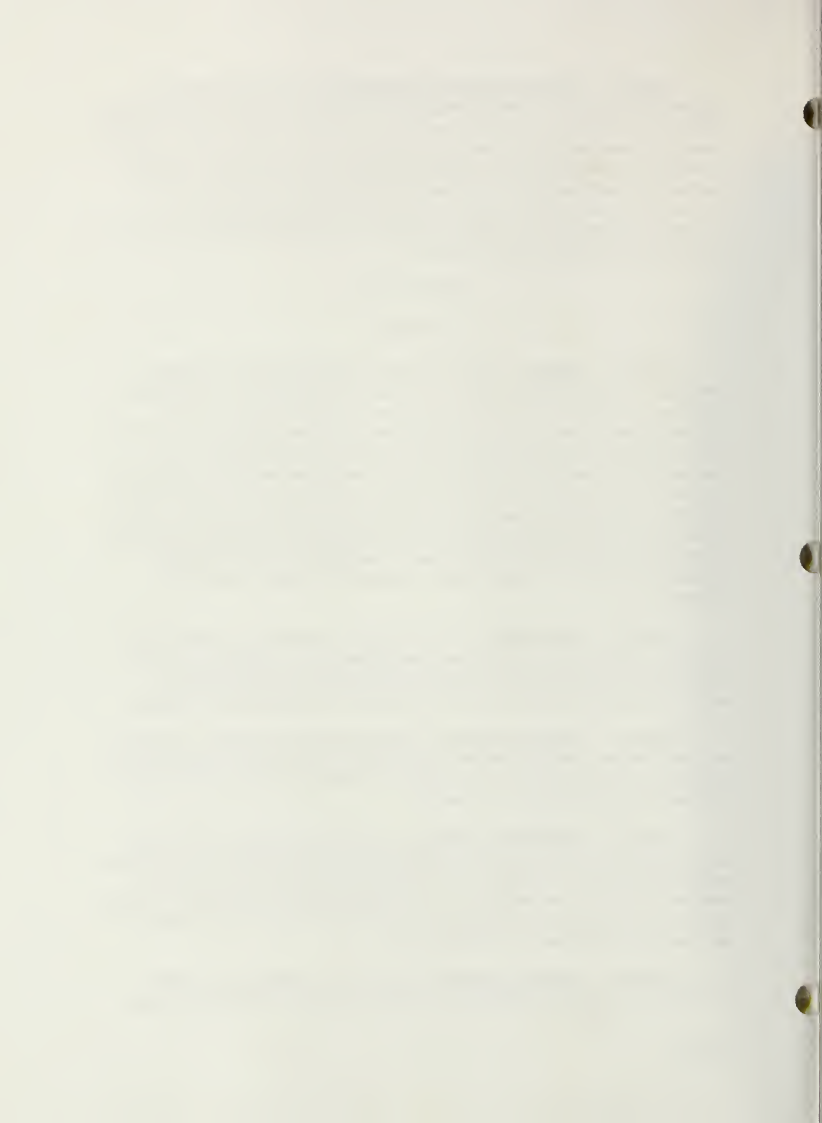
Section 1. Officers. The officers of this Authority shall be a President, a Secretary, and a Chief Financial Officer. The Authority may also have, at the Board's discretion, a Chairperson of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Financial Officers, and such other officers as may be appointed in accordance with Article VII, Section 2 of these Bylaws. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as the President. The officers of the Authority, except those appointed under Article VII, Section 2 of these Bylaws, shall be chosen annually by the Board and shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under any contract of employment and, to the extent applicable, the City's Civil Service System, as provided in Article X of the City's Charter.

Section 2. Other Officers. The Board may appoint and may authorize, the President, or other officer, to appoint any other officers that the Authority may require. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined by the Board.

Section 3. Removal of Officers. Without prejudice to any rights of an officer under any contract of employment, any officer may be removed with or without cause by the Board and also, if the officer was not chosen by the Board, by any officer on whom the Board may confer that power of removal.

Section 4. Resignation of Officers. Any officer may resign at any time by giving written notice to the Authority. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified by that notice and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this Authority under any contract to which the officer is a party.

Section 5. Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner



prescribed in these Bylaws for regular appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 6. President. The President shall preside at meetings of the Board and shall exercise and perform such other powers and duties as the Board may assign from time to time.

Section 7. Vice Presidents. If the President is absent or disabled, the Vice Presidents, if any, in order of their rank as fixed by the Board, or, if not ranked, a Vice President designated by the Board, shall perform all duties of the President. When so acting, a Vice President shall have all the powers of and be subject to all restrictions on the President. The President shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 8. Secretary. The Secretary shall perform or cause to be performed the following acts:

(a) The Secretary shall keep or cause to be kept, at the Authority's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of the meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, or special, and, if special, how authorized; the notice given, written waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting, and unanimous written consents to action of the Board without a meeting, and similarly as to meetings of committees of the Board; and the names of those present at Board and committee meetings.

(b) The Secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date, and a copy of all certificates filed with the Secretary of State.

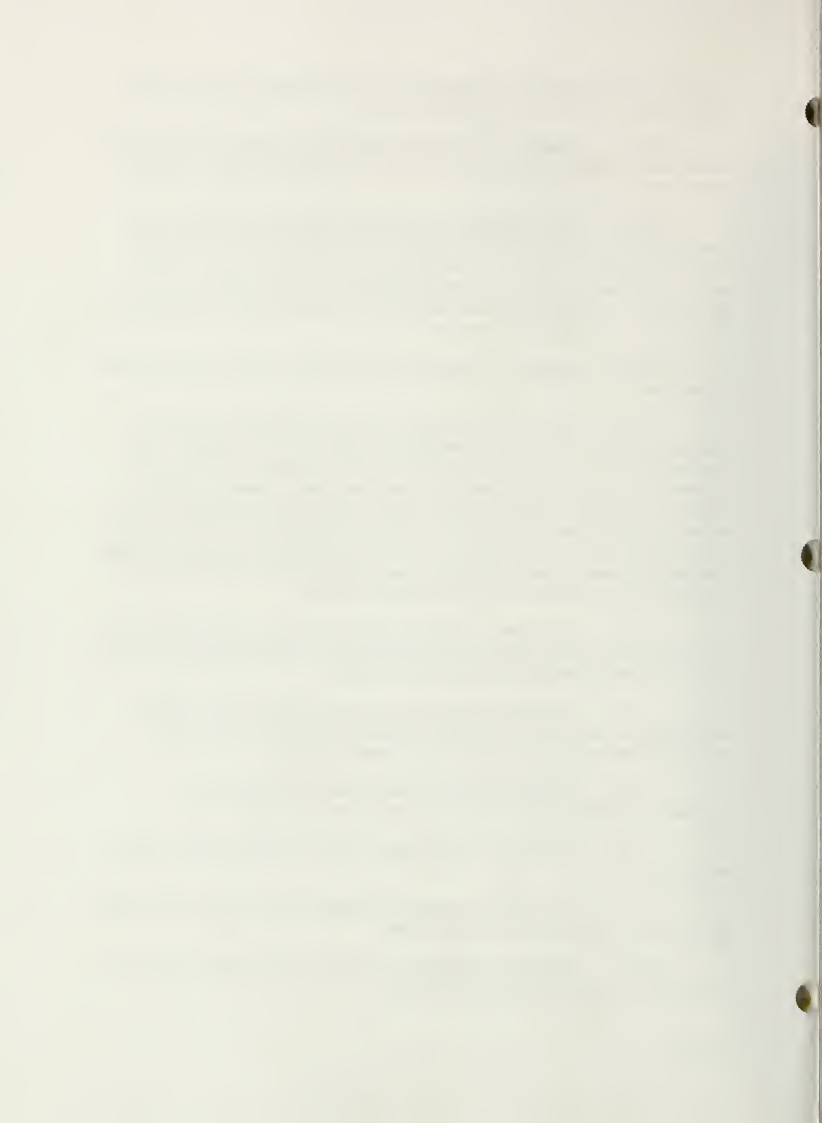
(c) The Secretary shall keep or cause to be kept, at the Authority's principal office or at a place determined by resolution of the Board, a record of the Authority's Directors, showing each Director's name and address.

(d) The Secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

(e) The Secretary shall keep or cause to be kept the corporate seal, if any, in safe custody.

(f) The Secretary shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 9. Chief Financial Officer. The Chief Financial Officer shall perform or shall cause to be performed the following acts:



(a) The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records or accounts of the Authority's properties and transaction, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements and prepare an annual budget for submission to the City.

(b) The Chief Financial Officer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times.

(c) The Chief Financial Officer shall prepare and submit or cause to be prepared and submitted any accounting and tax forms as may be required by local, state and federal law.

(d) The Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Authority.

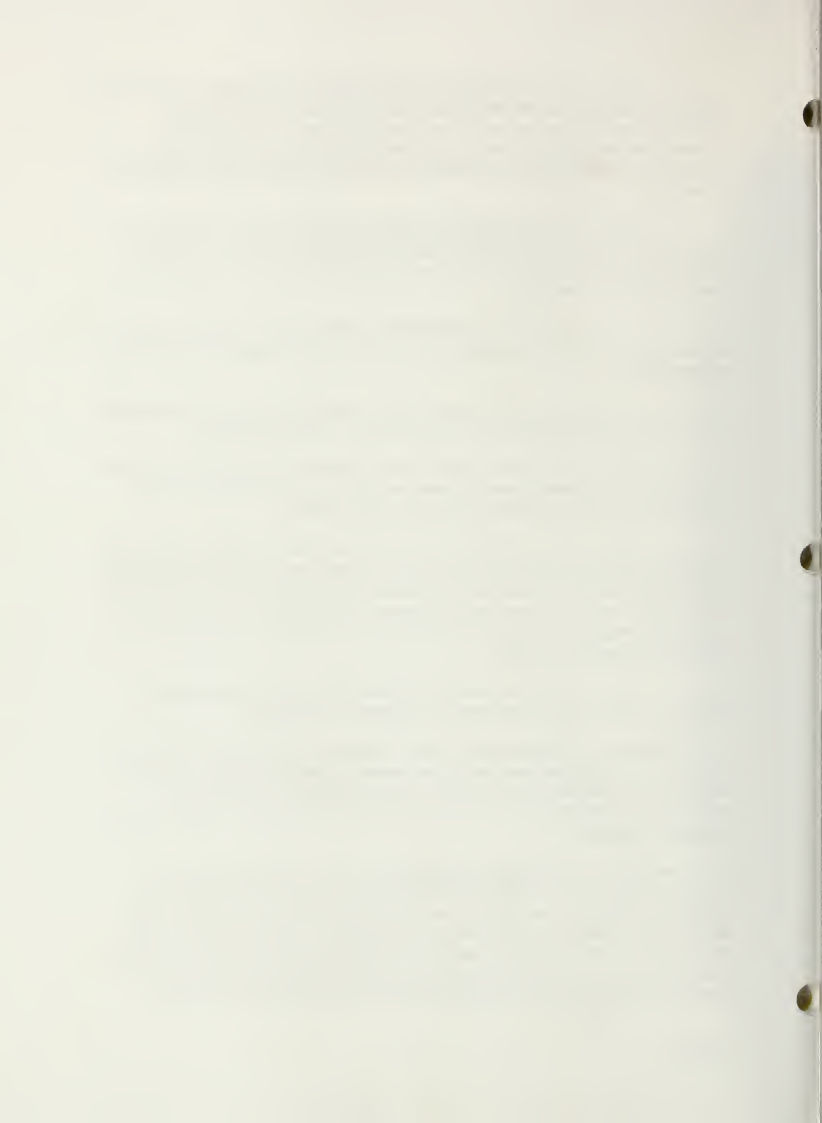
(e) The Chief Financial Officer shall render or cause to be rendered to the President and the Board, when requested, an account of all transactions as Chief Financial Officer and of the financial condition of the Authority.

(f) If required by the Board, the Chief Financial Officer shall give the Authority a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Authority of all books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Chief Financial Officer on his or her death, resignation, retirement, or removal from office.

(g) The Chief Financial Officer shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 10. Compensation. Subject to the budget and fiscal provisions of the City's Charter, officers may receive such compensation from the Authority, if any, for their services as officers, and such reimbursement of expenses, as the Board may recommend by resolution to be just and reasonable as to the Authority at the time that the resolution is adopted.

Section 11. Execution of Instruments. Subject to the budget and fiscal provisions of the City's Charter, any and all instruments executed in the name of the Authority, including, but not limited to, contracts, agreements, purchase orders, notes, deeds, deeds of trust, mortgages, leases, security agreements, checks and drafts issued, endorsements of checks and drafts received, certificates, applications and reports, shall be executed by one or more officers, employees or agents of the Authority as authorized from time to time by the Board. Such authorization may be general or confined to



specific instances. The respective offices and duties thereof as established and defined in this Article VII and by resolution of the Board include, except as otherwise provided, the authority to execute instruments in the name of the Authority when the execution of the instrument is incident to carrying out the duties of the offices.

Section 12. Checks, Drafts, etc. Subject to the budget and fiscal provision of the City's Charter, the Board may by resolution authorize from time to time such person or persons as it may designate to sign and/or countersign checks or drafts drawn on the funds of the Authority, and may also by resolution authorize any officer of the Authority to designate from time to time any person or persons to sign and/or countersign checks or drafts drawn on the funds of the Authority.

Section 13. Agency Agreements. The Board may by resolution authorize the Authority to enter into joint powers agreements and/or agency agreements with governmental agencies, including without limitation, any department, commission or agency of the City, and contract with such governmental agencies for the performance of services in furtherance of and related to the purposes of the Authority, including, without limitation, the performance of the duties, rights and responsibilities designated to the Officers of the Authority in this Article VII.

ARTICLE VIII

RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records. The Authority shall keep: (a) adequate and correct books and records of accounts; (b) written minutes of the proceedings of the Board and committees of the Board; and (c) a record of each Director's name and address.

Section 2. Annual Report. The Board shall cause an annual report to be prepared within 120 days after the end of the Authority's fiscal year (the "Annual Report"). The Annual Report shall contain the following information, in appropriate detail, for the fiscal year:

(a) The assets and liabilities, including trust funds, of the Authority as of the end of the fiscal year.

(b) The principal changes in assets and liabilities, including trust funds.

(c) The revenue or receipts of the Authority, both unrestricted and restricted to particular purposes.

(d) The expenses or disbursements of the Authority, for both general and restricted purposes.

(e) Any information required by California Corporations Code Section 6322.

A copy of the Annual Report and a summary thereof shall be presented to the Mayor and the Board of Supervisors by the President of the Authority within 60 days after the completion of each year's Annual Report.

Section 3. Board of Supervisors Reports. The Board shall cause a quarterly report to be presented to the Economic Development, Transportation and Technology Committee of the Board of Supervisors or any successor committee with oversight of the Base describing generally the activities of the Authority for the preceding quarter.

ARTICLE IX

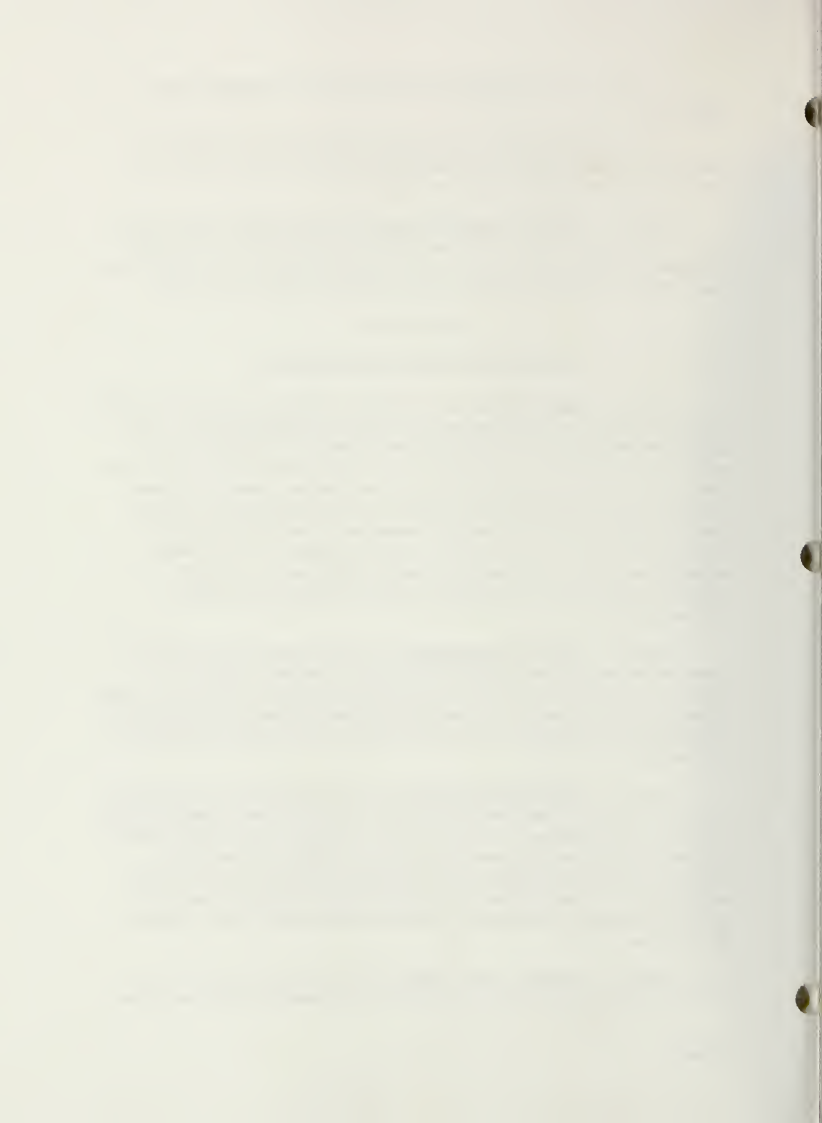
INDEMNIFICATION AND INSURANCE

Section 1. Right of Indemnity. The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Authority, including penalties. To the fullest extent permitted by law, the Authority shall indemnify its Directors, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Authority, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this Article IX, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Article IX, Sections 1 and 2 of these Bylaws in defending any proceeding covered by those Sections shall be advanced by the Authority before final disposition of the proceeding, on receipt by the Authority of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Authority for those expenses.

Section 4. Insurance. The Authority shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Directors, officers,



employees, and other agents, against any liability asserted against or incurred by any Director, officer, employee, or agent in such capacity, or arising out of the Director's, officer's, employee's, or agent's status as such.

ARTICLE X

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of this Authority shall begin July 1 and end June 30 of each year, except for the first fiscal year, which shall begin on the date of incorporation and end June 30, 1998.

Section 2. Corporation Seal. This Authority may have a seal which shall be specified by resolution of the Board. The seal, if any, shall be affixed to all corporate instruments, but failure to affix it shall not affect the validity of the instrument.

Section 3. Amendment of Bylaws. New Bylaws may be adopted or these Bylaws may be amended or repealed by approval or written consent of a majority of the Directors. No amendment to these Bylaws nor any new Bylaw shall be valid or become effective without the written consent of the Mayor.

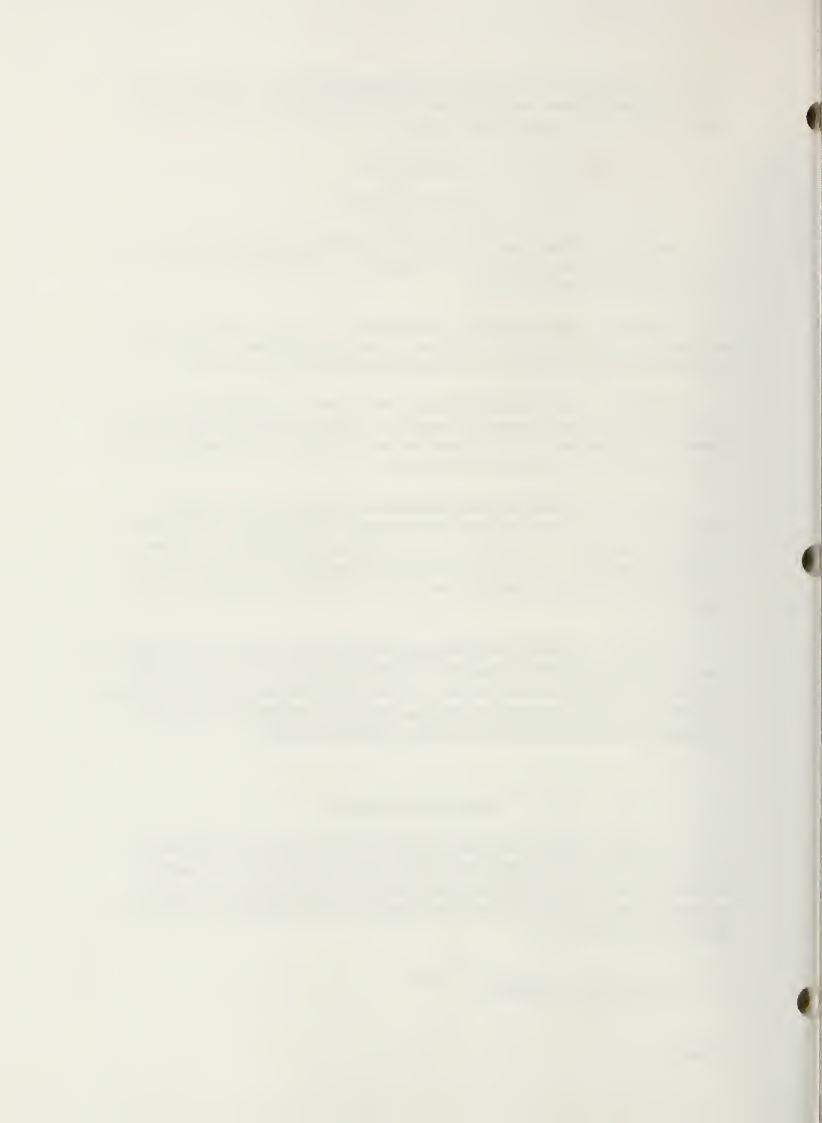
Section 4. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules or construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a legal entity and a natural person.

Section 5. Gambling and Gaming. No card rooms, casinos or any other type of gambling or gaming activities (except solely for the sale of LOTTO tickets or other programs run by the California State Lottery System to the extent otherwise permitted in San Francisco) shall be permitted on the Base, even if the Constitution of the State of California is amended to permit such gambling or gaming activities.

CONSENT OF MAYOR

I, Willie L. Brown, Jr., the Mayor of the City and County of San Francisco, on this ___ day of May, 1998, hereby consent to and approve of these First Amended and Restated Bylaws of the Treasure Island Development Authority and any changes or amendments herein from the Bylaws of the Treasure Island Development Authority first adopted on February 25, 1998.

Mayor Willie L. Brown, Jr.

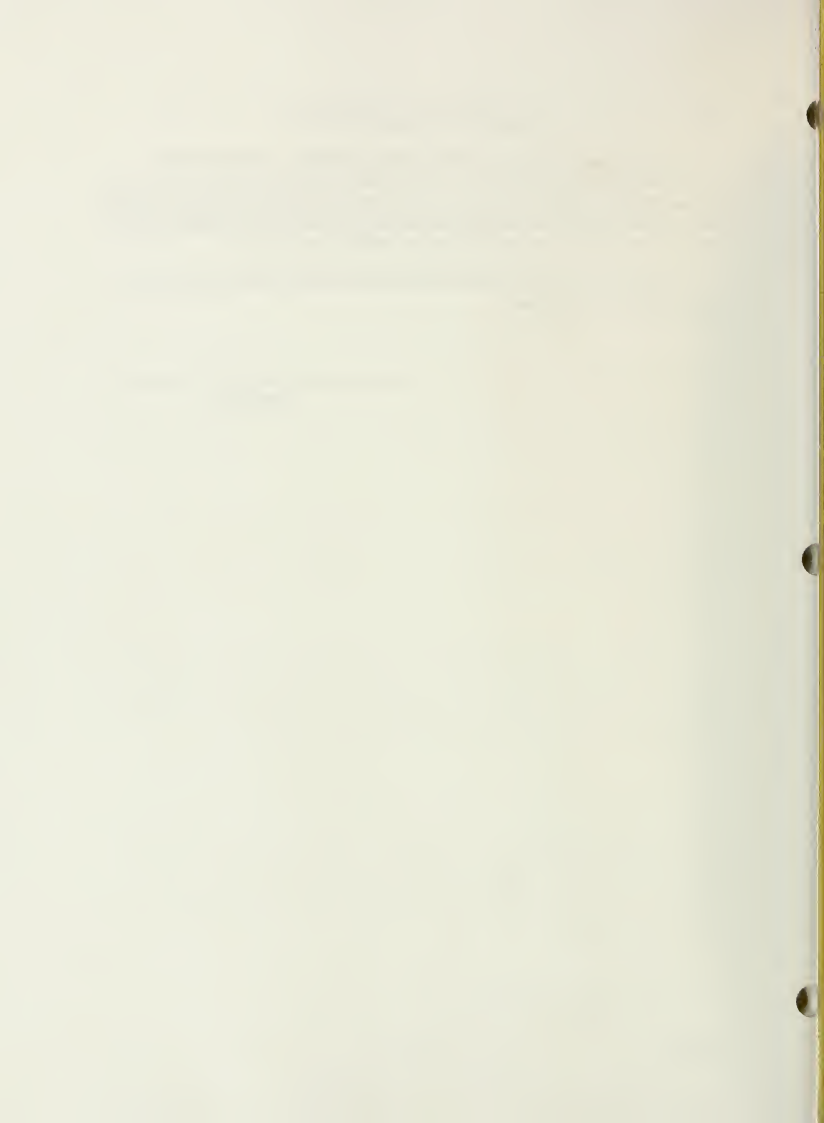


CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Treasure Island Development Authority, a California nonprofit public benefit corporation, that the above Bylaws, consisting of ~~fourteen~~ (14) _____ () pages, are the First Amended and Restated Bylaws of this Authority as adopted by the ~~incorporator on February~~ Authority on May __, 1998, and that they have not been amended or modified since that date.

Executed on ~~February 25, 1998 at the Casa De La Vista, Treasure Island~~ May __, 1998, San Francisco, California.

Secretary



**TREASURE ISLAND DEVELOPMENT AUTHORITY
LETTERS RECEIVED FROM APRIL 16, 1998 TO MAY 12, 1998**

RECEIVED FROM

The Alliance for a Clean Waterfront

SUMMARY

Letter supporting wetlands





LEGISLATIVE DIGEST

[Personal Watercraft]

AMENDING PART II, CHAPTER VIII, OF THE SAN FRANCISCO MUNICIPAL CODE (POLICE CODE) BY ADDING ARTICLE 47, PROHIBITING THE OPERATION OF PERSONAL WATERCRAFT IN A 1,200-FOOT SPECIAL USE AREA ALONG THE SAN FRANCISCO SHORELINE, IMPOSING OTHER RESTRICTIONS ON THE OPERATION OF PERSONAL WATERCRAFT, AND PROVIDING FOR PUBLIC AND PRIVATE ENFORCEMENT.

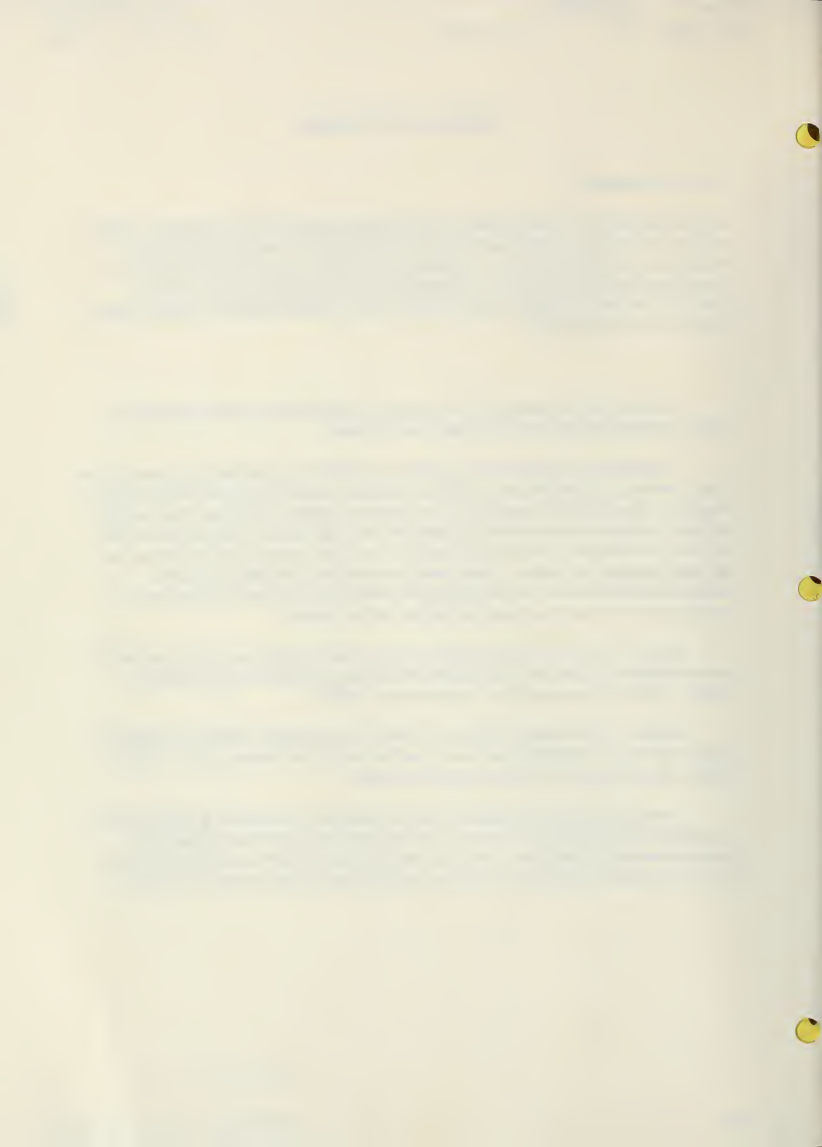
The City currently does not have any laws regulating the use and operation of personal watercraft, commonly referred to as "jet skis."

2
3
The proposed legislation would add a new Article 47 to the San Francisco Police Code. Article 47 would create a 1,200-foot "special use area" along the San Francisco shoreline. (Because the county line runs through the middle of the San Francisco Bay, the San Francisco shoreline would include parts of Angel Island, Alcatraz Island, and the Marin Headlands.) The use or operation of personal watercraft within this special use area would be prohibited. There would be an access corridor for personal watercraft operators from Pier 52 through the special use area and out into the Bay, where operation of personal watercraft would still be allowed.

Article 47 would also impose other safety-related restrictions on the operation of personal watercraft outside of the special use area but still within San Francisco's waters, including wake jumping or harassment of wildlife.

Violation of the Article would be an infraction, punishable by fines up to \$250 for multiple offenses. Violations may be enjoined by the City or private parties. Private parties may also bring a civil action under the Article.

Certain federal funds available for the construction of recreational boat launches may require as a condition of receiving the funds that the launch be accessible to personal watercraft operators. The Article requires that any City department applying for such funds first notify the City Attorney and the Commission on the Environment.



FILE NO. _____ ORDINANCE NO. _____

[Personal Watercraft]
AMENDING PART II, CHAPTER VIII, OF THE SAN FRANCISCO MUNICIPAL CODE
(POLICE CODE) BY ADDING ARTICLE 47, PROHIBITING THE OPERATION OF
PERSONAL WATERCRAFT IN A 1,200-FOOT SPECIAL USE AREA ALONG THE SAN
FRANCISCO SHORELINE, IMPOSING OTHER RESTRICTIONS ON THE OPERATION OF
PERSONAL WATERCRAFT, AND PROVIDING FOR PUBLIC AND PRIVATE
ENFORCEMENT.

Note: This entire section is new.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Police Code is hereby amended by adding Article 47,
Sections 47.1 through 47.8, to read as follows:

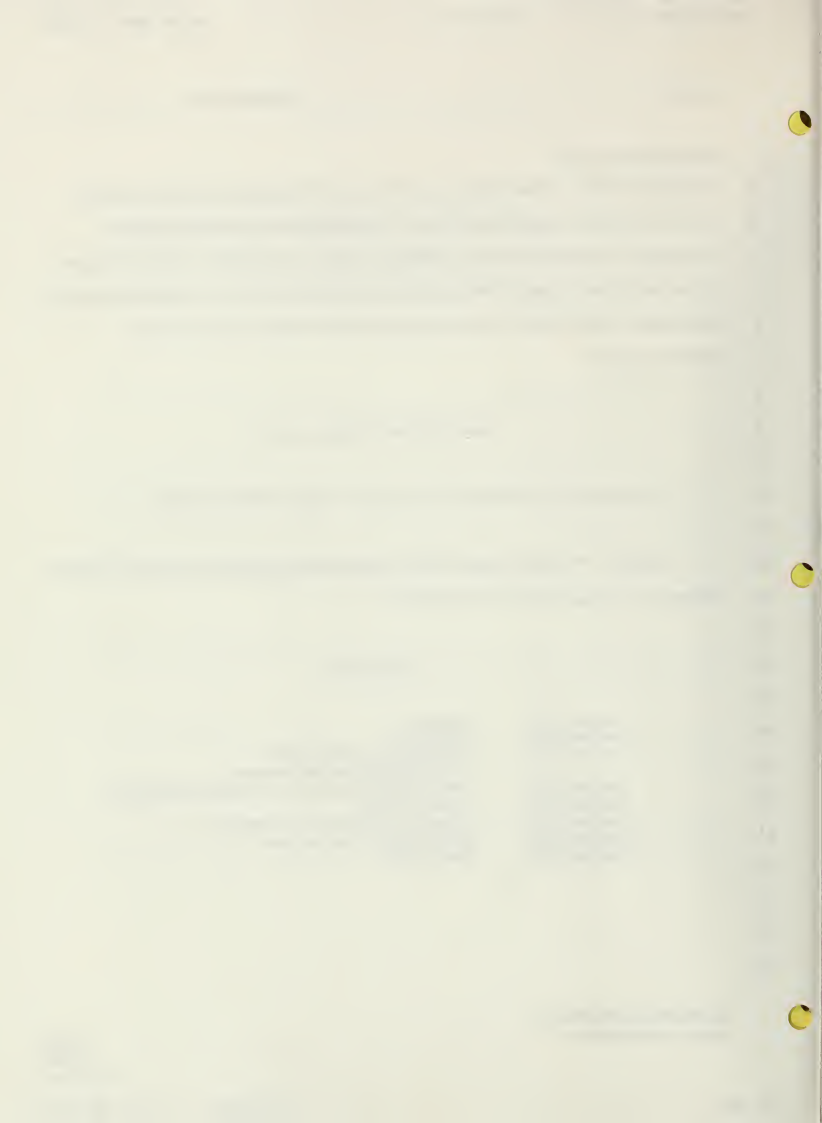
ARTICLE 47

Section 47.1.	Purpose.
Section 47.2.	Definitions.
Section 47.3.	Prohibited Use of Personal Watercraft in Special Use Area.
Section 47.4.	Other Restrictions on Use of Personal Watercraft.
Section 47.5.	Federal Funds.
Section 47.6.	Violations; Enforcement; Penalties.
Section 47.7.	Citizen Enforcement Actions.
Section 47.8.	Severability.

SUPERVISOR NEWSOM
BOARD OF SUPERVISORS

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SEC. 47.1. PURPOSE.

The purpose of this ordinance is to reduce existing conflicts and limit potential conflicts between uses of the coastal waters of San Francisco, eliminate adverse impacts to the diverse and unusual species found in the San Francisco Bay, promote overall public safety, and decrease hydrocarbon pollution that is disproportionately caused by personal watercraft.

Conflicts between uses have the potential to increase in the future because of increasing development of shoreline areas. Examples of conflicts that currently occur are those between personal watercraft and individuals engaged in water sports such as kayaking, windsurfing, swimming, and canoeing, due to the nature and design of personal watercraft: high maneuverability, high speed, ability to travel in shallow areas, and noise patterns that are unique and annoying.

Conflicts also occur between shoreline uses in areas zoned for commercial and open space activities and personal watercraft because of the nature and design of these vessels.

SEC. 47.2. DEFINITIONS.

(a) "Landmarks" shall include, but not be limited to, the farthest extension of piers, beaches, seawalls, jetties, breakwaters and docks.

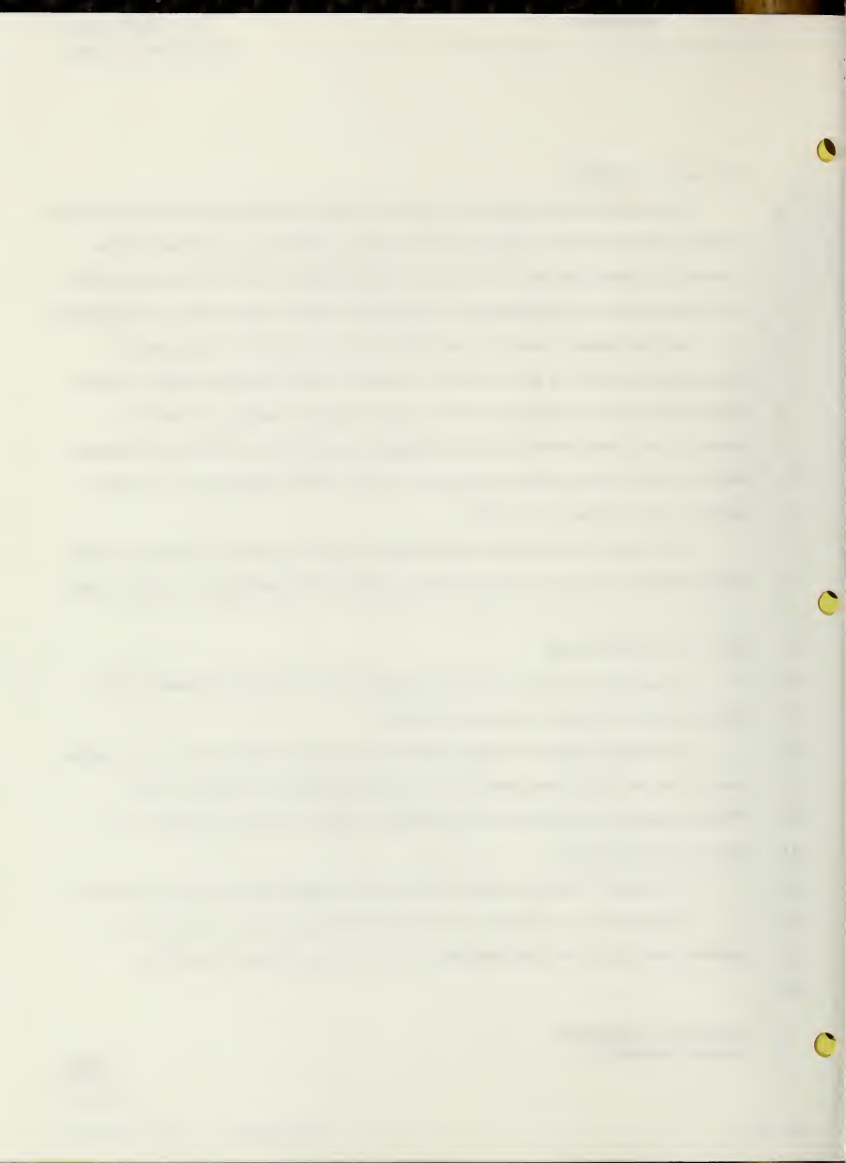
(b) "Personal watercraft" means a highly maneuverable vessel which uses a waterjet pump to propel one or more persons and is capable of operating at planing speeds.

"Personal watercraft" includes, but is not limited to, vessels referred to as Jetskis[®], Sea
Doos[®], and Waverunners[®].

(c) "Operator" means the person on board who is steering the vessel while underway.

(d) "Special-use area" means all or a portion of a waterway that is set aside for specified uses or activities to the exclusion of other incompatible uses or activities.

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(a) "Vessel" includes every description of watercraft used or capable of being used as a means of transportation on water, except either a seaplane on the water or a watercraft specifically designed to operate on a permanently fixed course.

SEC. 47.3. PROHIBITED USE OF PERSONAL WATERCRAFT IN SPECIAL USE AREA.

(a) Use and operation of personal watercraft in the area designated in subsection (b) as a special use area is incompatible with competing uses and is therefore prohibited.

(b) For purposes of this Article, the special use area shall consist of the area within 1,200 feet of the shoreline or the farthest extension of the shoreline of San Francisco, as defined by its landmarks. The San Francisco shoreline shall include, but not be limited to, all of Yerba Buena Island, all of Treasure Island, the east shore of Angel Island, all of Alcatraz Island, between Point Bonita and Yellow Bluff in Marin, and from Candlestick Park around the San Francisco Peninsula down to the extension of the county line below Harding Park.

In the event that another regulatory authority has exclusive jurisdiction over any of this shoreline area, the special-use district shall begin at the boundary of the shoreline under the jurisdiction of the City and County of San Francisco and extend out 1,200 feet.

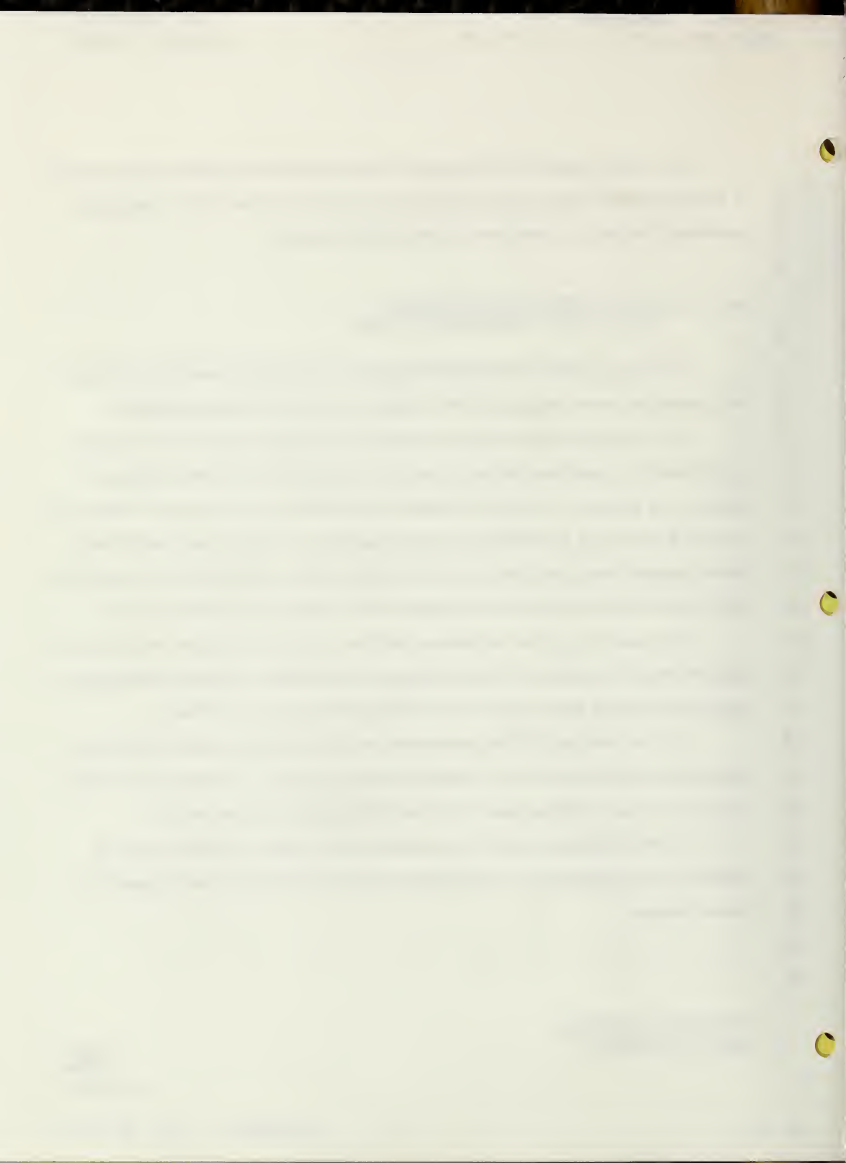
(c) There shall be a 200-foot wide access corridor for personal watercraft along the shortest route possible from Pier 52 through the special use area. The access corridor shall be marked by buoys, and the speed limit in the corridor shall be 5 miles per hour.

(c) The restrictions imposed by this Section shall not apply to the use of personal watercraft by Fire Department or Coast Guard personnel in the performance of search and rescue missions.

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BOARD OF SUPERVISORS**

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SEC. 47.4. OTHER RESTRICTIONS ON USE OF PERSONAL WATERCRAFT.

(a) Personal watercraft operators shall maintain a 500-foot buffer zone between their watercraft and all bell buoys, swimmers, divers, kayakers, windsurfers, and any other vessels.

(b) Personal watercraft operators shall yield right-of-way to all other vessels.

(c) A personal watercraft operator shall not imprudently operate the vessel. Imprudent operation of a personal watercraft includes:

(1) Engaging in prolonged circling;

(2) Informal racing;

(3) Wave jumping;

(4) Wake jumping;

(5) Other types of continued and repeated activities that harass another person;

(6) Chasing or otherwise harassing wildlife; and,

(7) Any other operation expressly prohibited by a Coast Guard regulation or other applicable laws.

(d) Signs summarizing the relevant provisions of this Article shall be erected where personal watercraft have the ability to launch. These signs shall also provide a telephone number designated to accept calls by the public reporting violations of this Article.

SEC. 47.5. FEDERAL FUNDS.

Any officer, department or agency of the City and County which applies for federal funds pursuant to 26 U.S.C. § 9504(b)(2) in order to build a recreational boat launch facility on lands or water under the jurisdiction of the City and County must first notify the City Attorney and the Commission on the Environment.

**SUPERVISOR NEWSOM
BOARD OF SUPERVISORS**

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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862.

2. The second part is a report from the Secretary of the Interior, dated January 10, 1862.

3. The third part is a report from the Secretary of the Treasury, dated January 15, 1862.

4. The fourth part is a report from the Secretary of the War, dated January 20, 1862.

5. The fifth part is a report from the Secretary of the Navy, dated January 25, 1862.

6. The sixth part is a report from the Secretary of the State, dated January 30, 1862.

7. The seventh part is a report from the Secretary of the War, dated February 5, 1862.

8. The eighth part is a report from the Secretary of the Navy, dated February 10, 1862.

9. The ninth part is a report from the Secretary of the State, dated February 15, 1862.

10. The tenth part is a report from the Secretary of the War, dated February 20, 1862.

11. The eleventh part is a report from the Secretary of the Navy, dated February 25, 1862.

12. The twelfth part is a report from the Secretary of the State, dated February 28, 1862.

13. The thirteenth part is a report from the Secretary of the War, dated March 5, 1862.

14. The fourteenth part is a report from the Secretary of the Navy, dated March 10, 1862.

15. The fifteenth part is a report from the Secretary of the State, dated March 15, 1862.

1 **SEC. 47.6. VIOLATIONS; ENFORCEMENT; PENALTIES.**

2 (a) A violation of the provisions of Section 47.3 or Section 47.4 shall be an infraction.
3 Any person found guilty of such an infraction shall be punished by a fine not to exceed \$50.00
4 for the first offense; for the second offense committed within a one-year period by a fine not to
5 exceed \$100.00; for third and each additional offense committed within a one-year period by
6 a fine not to exceed \$250.00.

7 (b) Any person who commits, or proposes to commit, an act in violation of this Article
8 may be enjoined therefrom by any court of competent jurisdiction. Action for injunction under
9 this Section may be brought by any aggrieved person, by the District Attorney, by the City
10 Attorney, or by any person or entity which will fairly and adequately represent the interests of
11 the public.

12
13 **SEC. 47.7. CITIZEN ENFORCEMENT ACTIONS.**

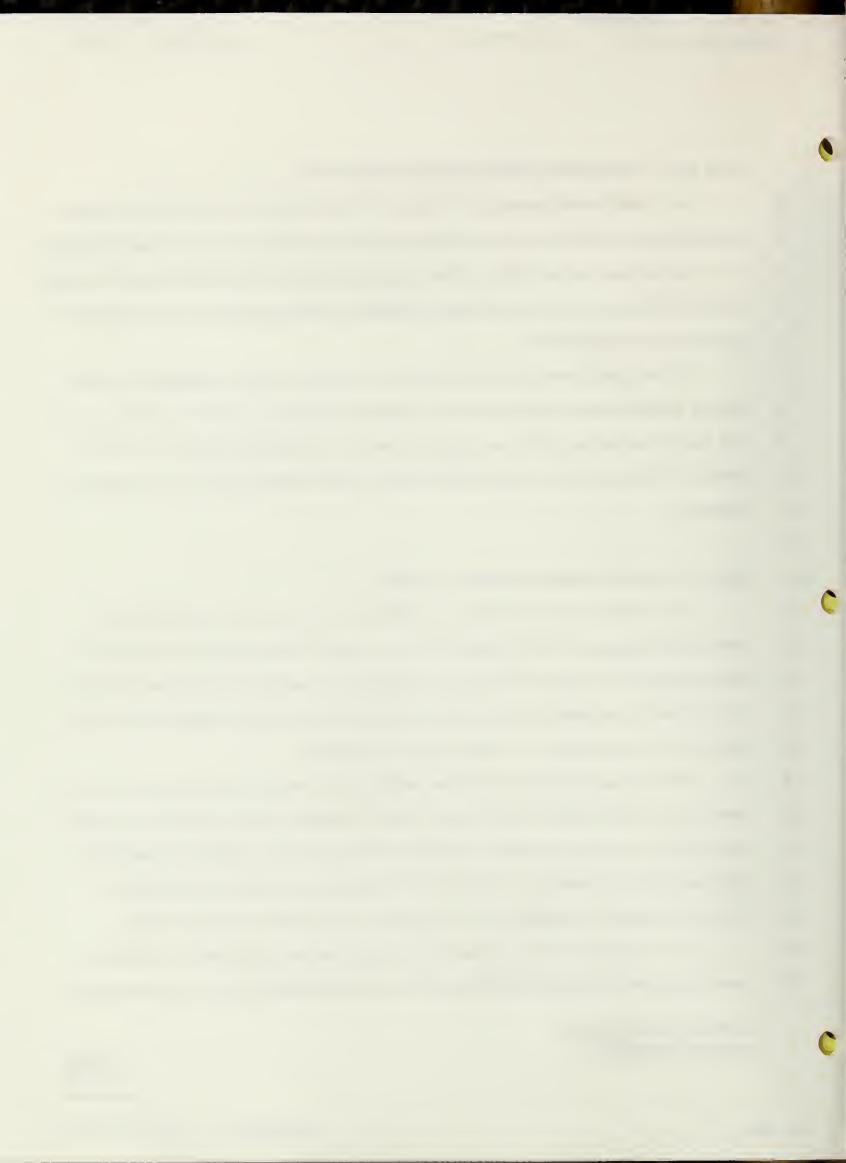
14 (a) Any citizen may commence a civil action on his or her own behalf against any
15 person who is alleged to have violated, or to be in violation of the provisions of this Article.
16 For purposes of this Section, "citizen" shall mean either an individual who resides in the City;
17 or a corporation, partnership or association that maintains its principal office in the City, and
18 which has an interest which is, or may be, adversely affected.

19 (b) In any action brought under this Section where the City is not a party, the City may
20 intervene as a matter of right. Whenever an action is brought under this Section, the plaintiff
21 shall serve a copy of the complaint on the City Attorney upon filing. No consent judgment or
22 settlement shall be entered in an action in which the City is not a party prior to 30 days
23 following receipt of the proposed consent judgment or settlement by the City Attorney.

24 (c) The court in issuing any final order brought pursuant to this Section shall award
25 costs of litigation (including reasonable attorney and expert witness fees) to any prevailing or

SUPERVISOR NEWSOM
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1 substantially prevailing party who brought the underlying action, when the court determines
2 such an award is appropriate. The court may, if a temporary restraining order or preliminary
3 injunction is sought by the citizen, require a filing of a bond or undertaking in accordance with
4 State law and local court rules.

5 (d) Nothing in this Section shall restrict any right which any person may have under
6 any statute, ordinance, or common law to seek enforcement of any requirement prescribed by
7 or under this Article, or to seek any other relief. Nothing in this Section shall be construed to
8 prohibit or restrict the City from bringing any administrative, civil or criminal action or obtaining
9 any remedy or sanction against any person to enforce any requirement set forth in this Article.

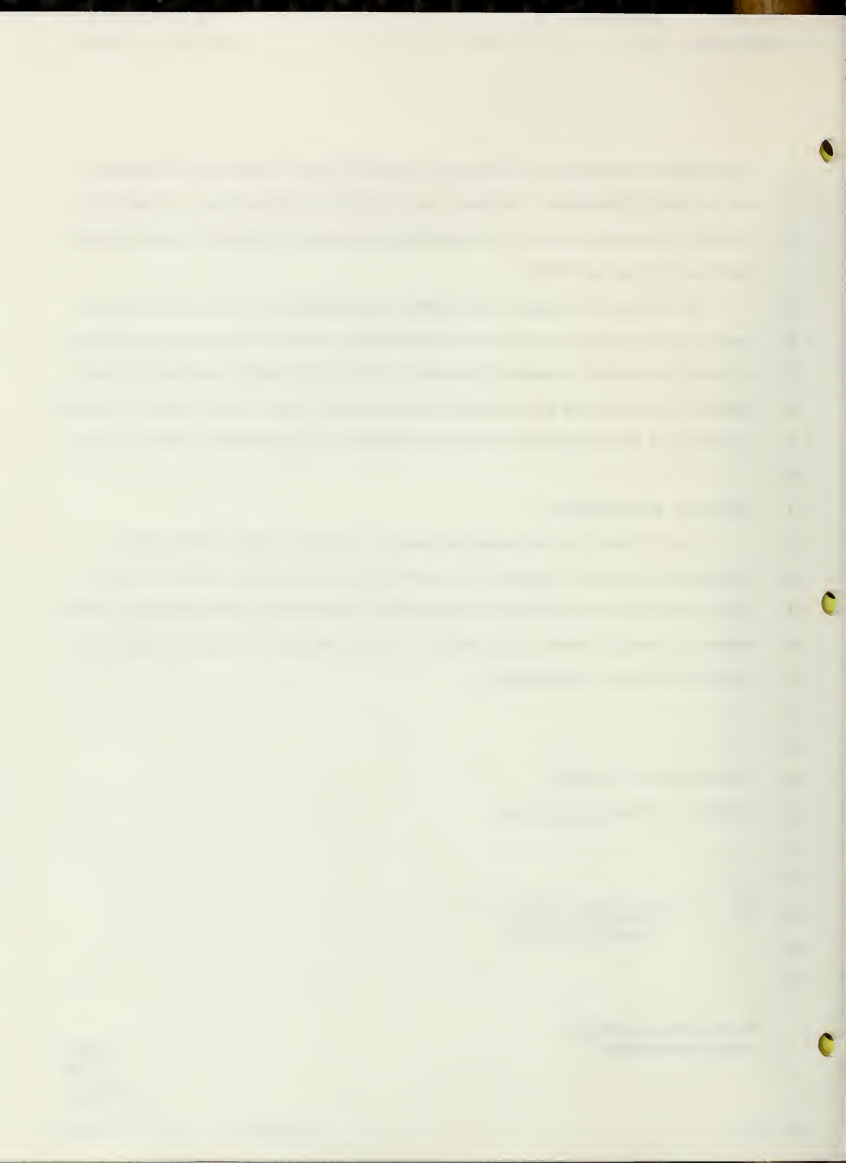
10
11 **SEC. 47.8. SEVERABILITY.**

12 If any provision, section, paragraph, clause, sentence or phrase of this ordinance, or
13 the application thereof to any person or circumstances, shall be held invalid, such invalidity
14 shall not affect the other provisions or applications of this ordinance which can be given effect
15 without the invalid provisions or application and, to this end, the provisions of this ordinance
16 are hereby declared to be severable.

17
18
19 **APPROVED AS TO FORM:**
20 LOUISE H. RENNE, City Attorney

21
22
23 By: _____
24 THOMAS J. OWEN
25 Deputy City Attorney

**SUPERVISOR NEWSOM
BOARD OF SUPERVISORS**







FILE NO. _____

RESOLUTION NO. _____

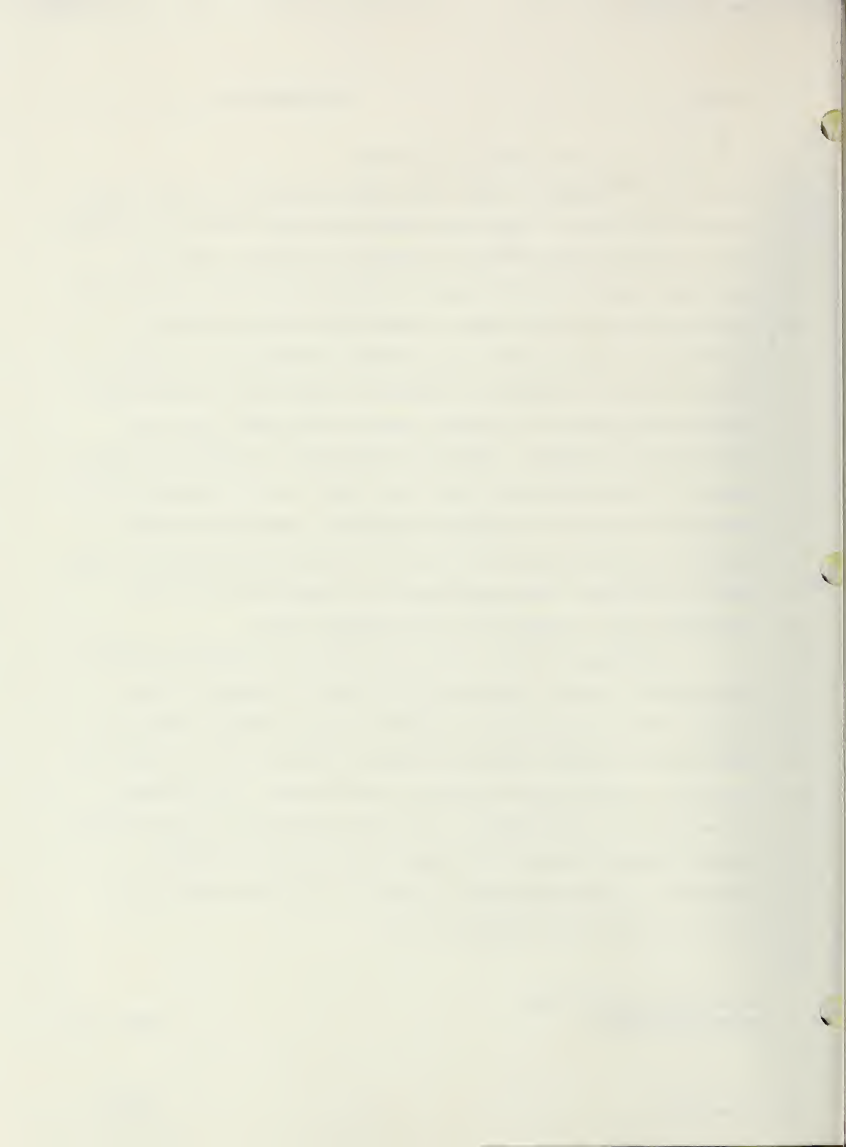
[Treasure Island Development Authority]

DIRECTING THE TREASURE ISLAND DEVELOPMENT AUTHORITY TO ADOPT CERTAIN COMPETITIVE BIDDING, COMPETITIVE NEGOTIATION AND CONFLICT OF INTEREST RULES; DIRECTING THE AUTHORITY TO AMEND ITS BYLAWS TO ADD TWO ADDITIONAL MEMBERS TO THE BOARD OF DIRECTORS WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE BOARD OF SUPERVISORS AND THE BOARD OF SUPERVISORS; REQUIRING THAT ALL CONTRACTS IN EXCESS OF 10 YEARS OR 1 MILLION DOLLARS IN REVENUE BE APPROVED BY THE BOARD OF SUPERVISORS; PROHIBITING GAMBLING ON TREASURE ISLAND IN THE EVENT THE STATE CONSTITUTION IS AMENDED; REQUIRING DEVELOPMENT ON TREASURE ISLAND TO COMPLY WITH APPLICABLE CITY ZONING AND LAND USE LAWS, SUBJECTING THE AUTHORITY TO THE CITY'S SUNSHINE ORDINANCE; SUBJECTING PROPOSED CONTRACTS BY THE AUTHORITY TO THE CITY'S NON-DISCRIMINATION AND EQUAL BENEFITS ORDINANCE; AND ACKNOWLEDGING THE APPLICABILITY OF THE TIDELANDS TRUST TO FORMER TIDE AND SUBMERGED LANDS.

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

SUPERVISOR MICHAEL YAKI
BOARD OF SUPERVISORS

Page 1 of 6



1 WHEREAS, Absent special state legislation, conversion of
2 the Base to productive civilian reuse would be subject to multiple
3 and potentially duplicative levels of review by a number of separate
4 state and local governmental bodies, including both the San Francisco
5 Redevelopment Agency Commission and the City's Port Commission, that
6 may make the conversion of the Base for use by all San Francisco
7 residents and in the public benefit substantially more difficult and
8 time consuming; and,

9 WHEREAS, To cure certain inefficiencies created by
10 duplicative levels of review and to provide a means for mitigating
11 the serious economic impacts of the closure of the Base on the City,
12 its surrounding communities and the State, the California legislature
13 enacted the Treasure Island Conversion Act of 1997 (the "Act"); and,

14 WHEREAS, The Act consolidates existing state powers
15 Essential to the reuse of the Base in the Authority by vesting in it
16 both redevelopment authority over the Base and, with respect to those
17 portions of the Base which are subject to the public trust for
18 commerce, navigation and fisheries (the "Tidelands Trust"), the
19 authority to administer the Tidelands Trust as to those portions of
20 the Base; and,

21 WHEREAS, In accordance with the Act, the Board of
22 Supervisors approved the designation of the Authority as a
23 redevelopment agency with powers over Treasure Island in Resolution
24 No. 43-98, dated February 6, 1998; and,

25
SUPERVISOR MICHAEL YAKI
BOARD OF SUPERVISORS

Page 2 of 6



WHEREAS, Under California redevelopment law and the Act, the Board of Supervisors has the right to approve the adoption of any redevelopment plan for the Base and, prior to the date of such adoption, all contracts in excess of 10 years or with anticipated revenues of One Million Dollars or more; and,

WHEREAS, The Board of Supervisors seeks to impose on the Authority certain rules and procedures to ensure that development and conversion of the Base to civilian reuse will best serve the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; now, therefore, be it

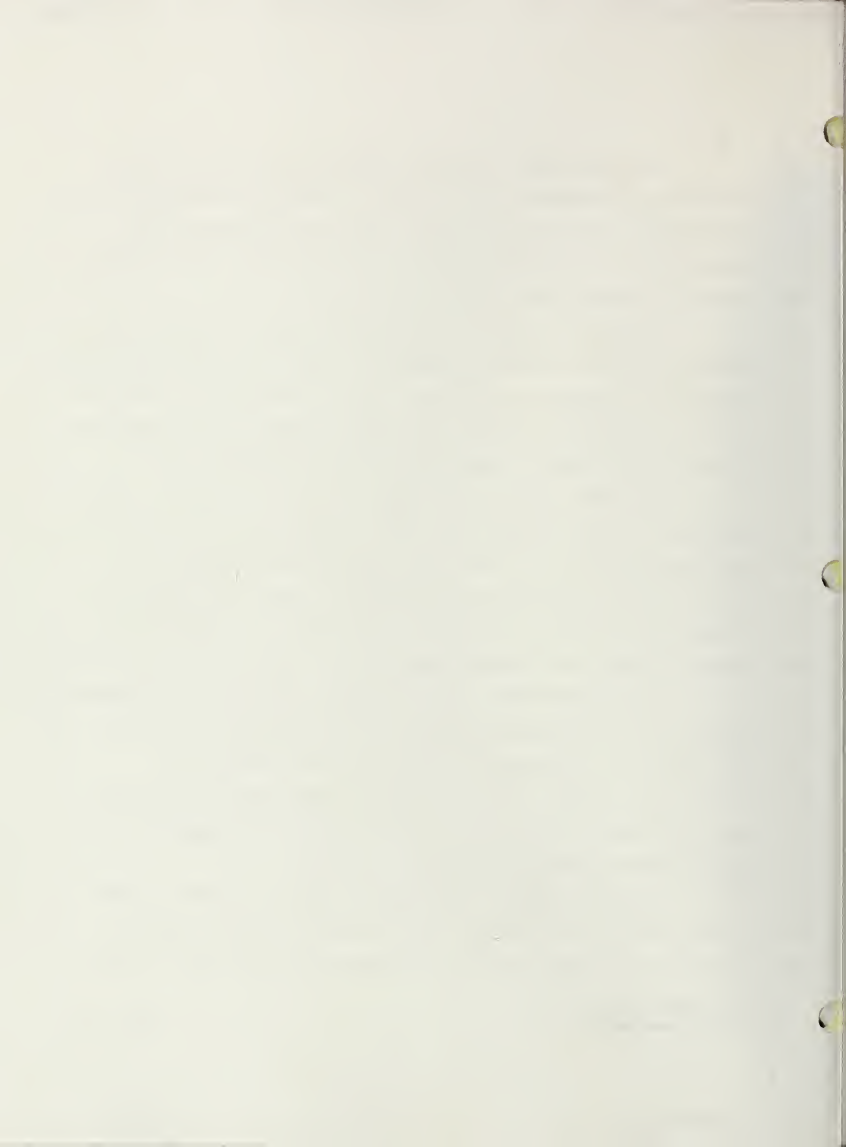
RESOLVED, That no card rooms, casinos or any other type of gambling activities (except solely for the sale of LOTTO tickets or other programs run by the California State Lottery System to the extent otherwise permitted in San Francisco) shall be permitted on the Base, even if the Constitution of the State of California is amended to permit such gambling activities; and, be it

FURTHER RESOLVED, That all leases, contracts or agreements entered into by the Authority having a term in excess of ten (10) years or having anticipated revenues of one million dollars (\$1,000,000) or more, or any amendment or modification of any such lease, agreement or contract, shall be subject to the approval of the Board of Supervisors by resolution; and, be it

FURTHER RESOLVED, The Authority shall be subject to, and all meetings of the Authority shall be called, noticed, held and conducted in accordance with, the provisions of the Ralph M. Brown

SUPERVISOR MICHAEL YAKI
BOARD OF SUPERVISORS

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1 Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government
2 Code of the State of California, being Sections 54950 to 54962
3 thereof) and the San Francisco Sunshine Ordinance (Chapter 67 of the
4 San Francisco Administrative Code); and, be it

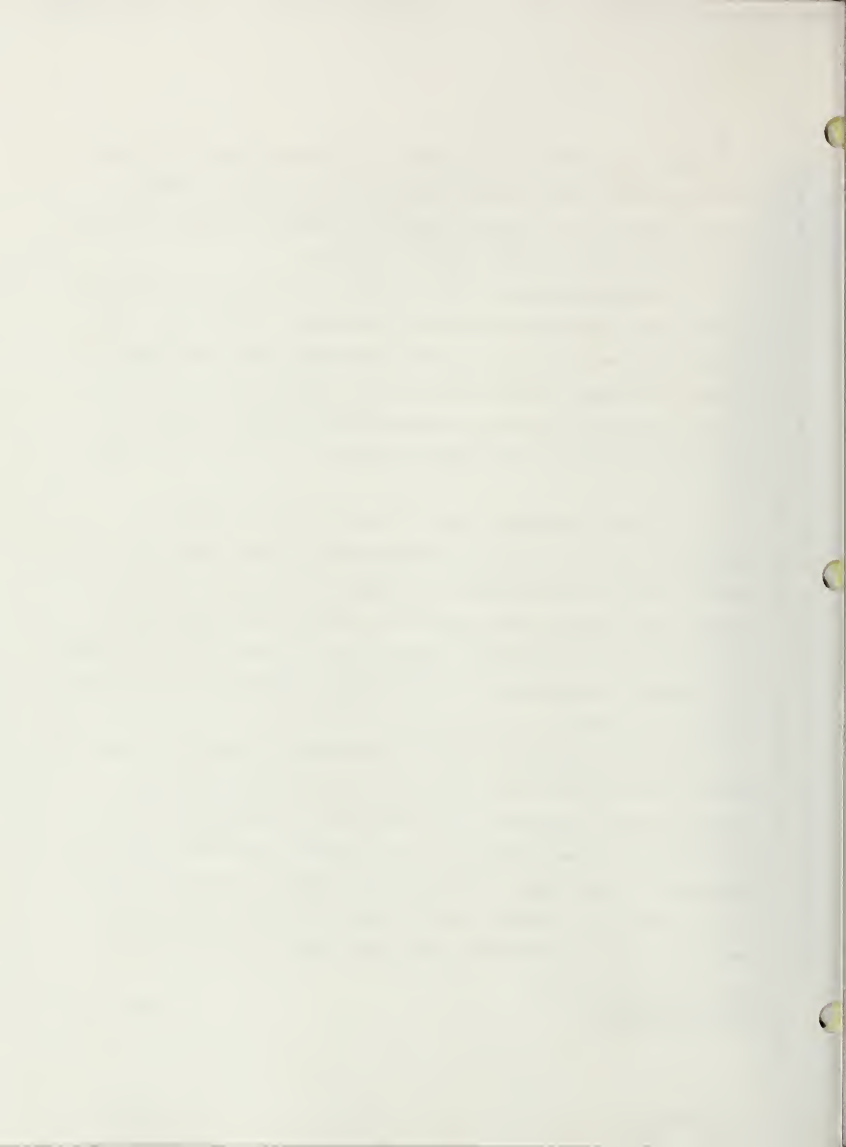
5 FURTHER RESOLVED, That, in order to ensure that goods and
6 services are procured by the Authority through a competitive, public
7 and fair process, the Authority shall abide by rules and procedures
8 for the procurement of goods and services substantially in the form
9 of the Rules and Procedures for Procurement of Goods and Services
10 filed with the Clerk of the Board in File No. _____; and,
11 be it

12 FURTHER RESOLVED, That, in order to ensure that all
13 agreements for the use, lease or disposition of real property on the
14 Base are entered into pursuant to a competitive, public and fair
15 process, the Authority shall abide by rules and procedures for the
16 transfer of such real property substantially in the form of the Rules
17 and Procedures for Transfer of Real Property filed with the Clerk of
18 the Board in File No. _____; and, be it

19 FURTHER RESOLVED, That any development on the Base shall be
20 subject to applicable state and local zoning and land use laws,
21 including without limitation, the California Environmental quality
22 Act ("CEQA"), the requirement that the Planning Commission find that
23 development is consistent with the City's General Plan under Section
24 4.105 of the City's Charter, and the requirement that the Planning
25 Commission make recommendations and issue reports on any proposed

SUPERVISOR MICHAEL YAKI
BOARD OF SUPERVISORS

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1 redevelopment plan for the Base prior to the Board of Supervisor's
2 approval of such redevelopment plan; and, be it

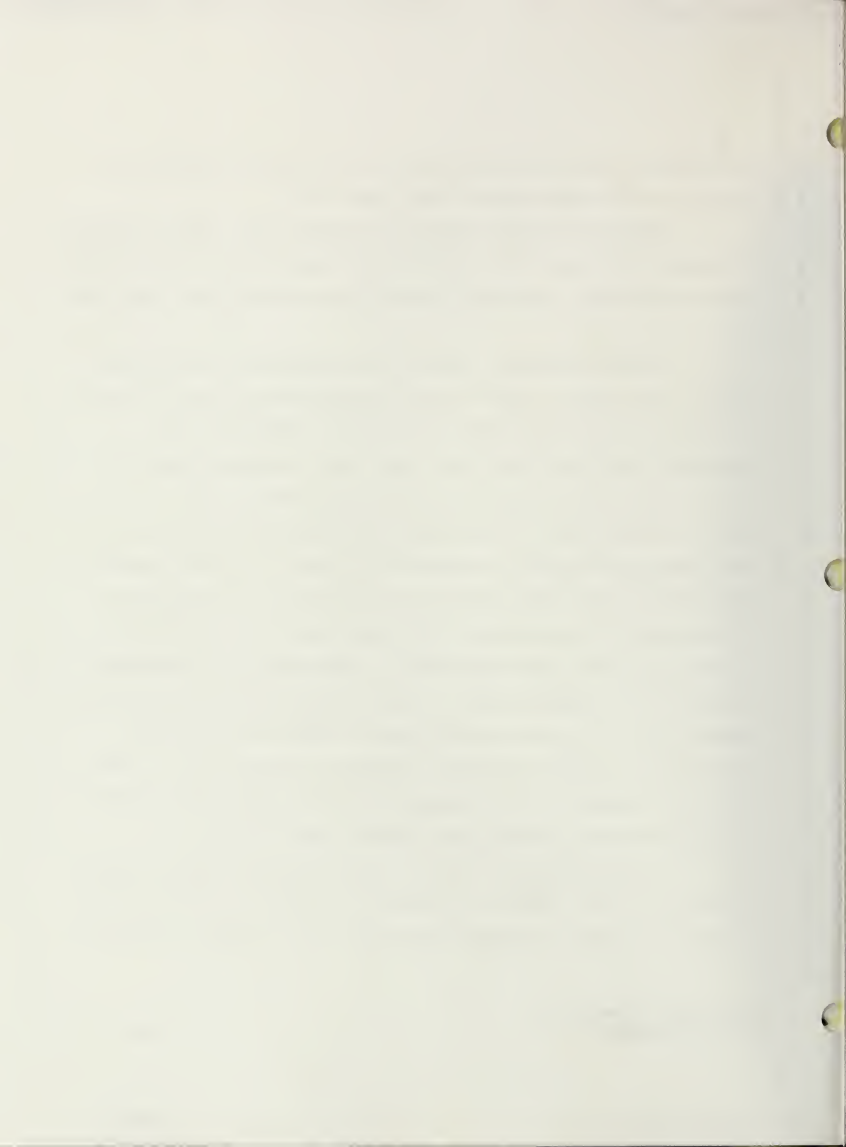
3 FURTHER RESOLVED, That the Authority shall adopt a conflict
4 of interest code that fully satisfies the requirements of Government
5 Code Sections 87100, et. seq. (the "Political Reform Act"); and, be
6 it

7 FURTHER RESOLVED, That all of the Authority's directors,
8 officers, employees or agents shall be subject to the state conflict
9 of interest laws arising under the Political Reform Act and
10 Government Code Section 1090, et. seq., and the City's conflict of
11 interest laws arising under Sections 15.103 and C8.105 of the City's
12 Charter, except solely to the extent such conflict of interest laws
13 would otherwise preclude an officer of the City or the San Francisco
14 Redevelopment Agency from serving as a director or participating in
15 the decisions of the Authority; provided further that, under no
16 circumstances shall such individuals be exempted from or otherwise
17 relieved of the responsibility to fully comply with such conflict of
18 interest rules in so far as they prohibit conflicts of interest
19 related to any personal financial interests or when acting in their
20 capacity as members of any organization or body other than the City
21 or the San Francisco Redevelopment Agency; and, be it

22 FURTHER RESOLVED, That the Authority shall amend its Bylaws
23 to provide that the number of Directors of the Board of Directors of
24 the Authority shall be increased from five (5) to seven (7); and, be
25 it

SUPERVISOR MICHAEL YAKI
BOARD OF SUPERVISORS

Page 5 of 6



1 FURTHER RESOLVED, That of the two (2) additional members of
2 the Board of Directors required in this Resolution, one shall be the
3 then-sitting President of the Board of Supervisors, or his or her
4 designee, and the other shall be appointed and subject to removal by
5 the Board of Supervisors, acting by resolution; and be it

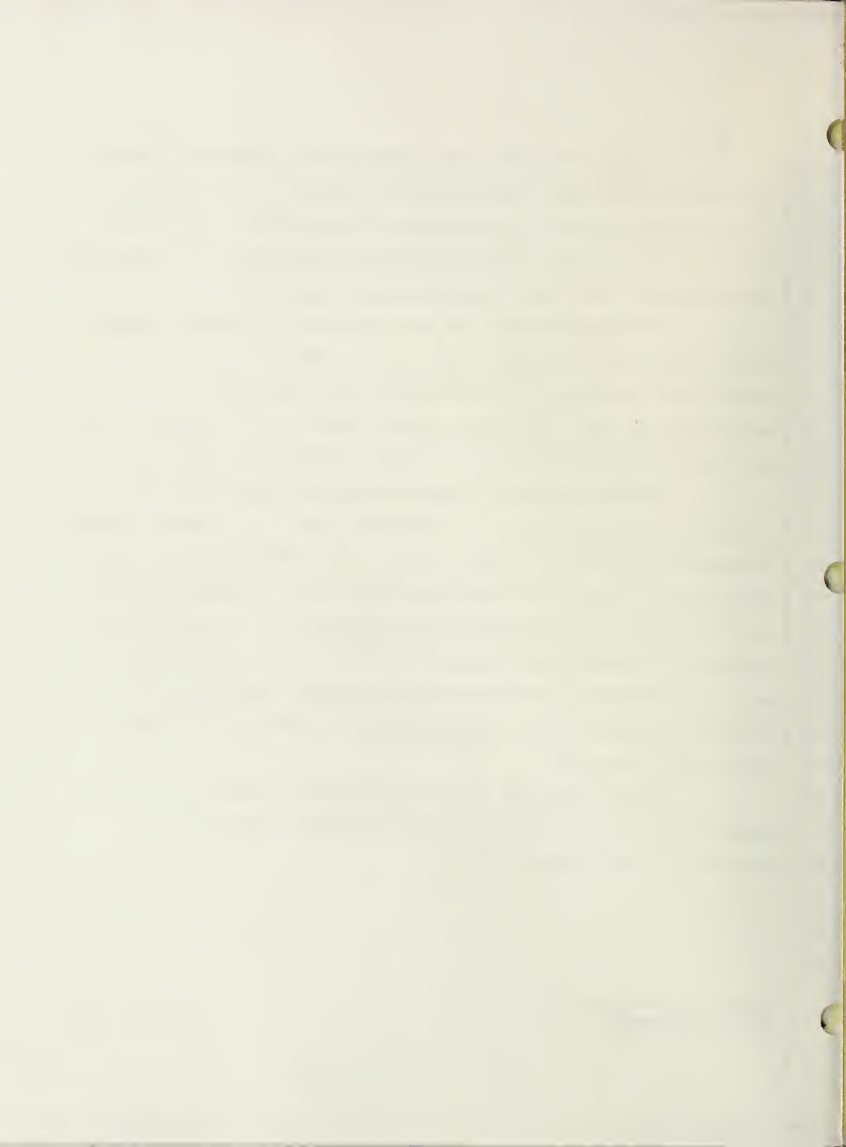
6 FURTHER RESOLVED, That any contract or property contract
7 that the Authority may enter into shall be subject to the terms and
8 conditions of Sections 12B and 12C of the San Francisco
9 Administrative Code, including, but not limited to, the provisions of
10 the City's non-discrimination in benefits ordinance; and, be it

11 FURTHER RESOLVED, That the Authority acknowledges and
12 recognizes the existence of the Tidelands Trust as to former tide and
13 submerged portions of the Base, and that the Tidelands Trust, among
14 other things, prohibits transferring fee title to Tidelands Trust
15 property into private ownership and requires that Tidelands Trust
16 property be accessible to the public and utilized to encourage
17 public-oriented uses, such as uses that attract people to the
18 waterfront, promote public recreation, protect habitat and preserve
19 open space; and, be it

20 FURTHER RESOLVED, That the Authority is hereby directed to
21 immediately take all steps necessary to promptly effectuate the
22 provisions of this Resolution.

23
24
25
SUPERVISOR MICHAEL YAKI
BOARD OF SUPERVISORS

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AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: FY 1998-1999 Budget Submission

Agenda Item No. 9
Meeting of May 20, 1998

Contact/Phone: Annemarie Conroy, Executive Director
Eila Arbuckle, Finance Manager
274-0660

SUMMARY OF PROPOSED ACTION:

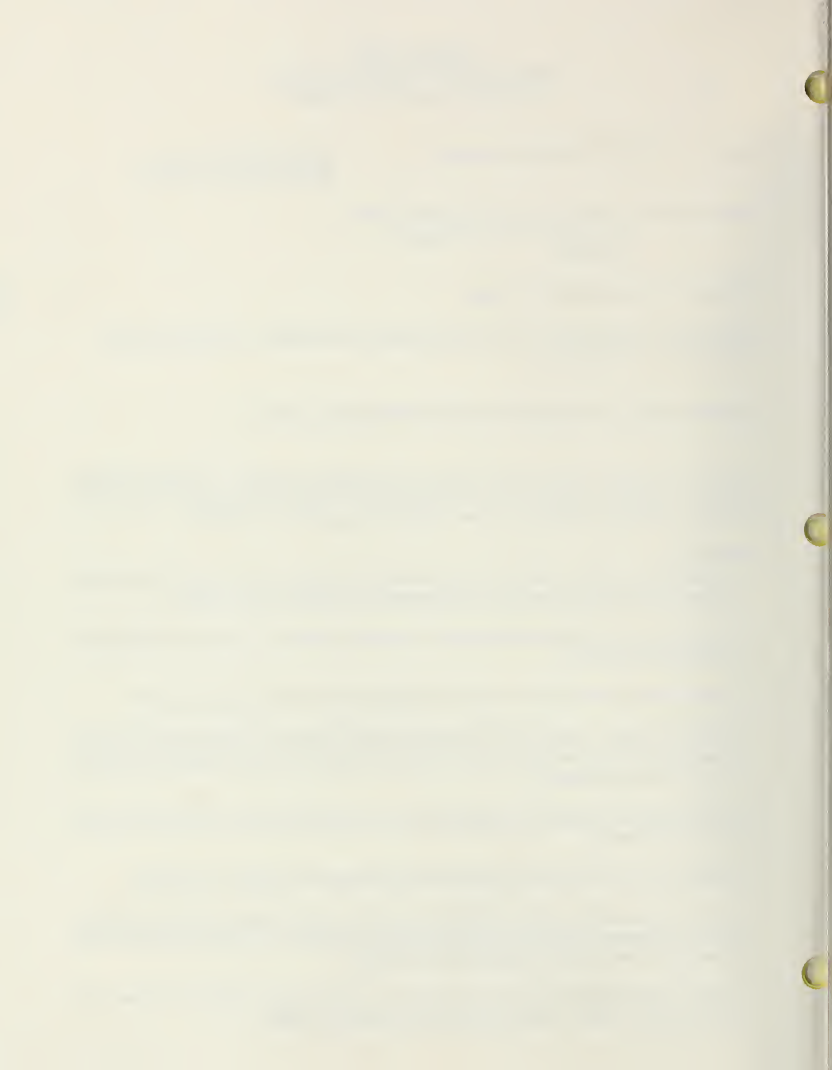
Authorization to submit the FY 1998-99 budget proposal developed by TI Project staff to the Mayor and Board of Supervisors.

BACKGROUND AND DESCRIPTION OF PROPOSED ACTION:

Pursuant to the Bylaws of the Treasure Island Development Authority, TI Project staff have developed a budget to administer the TI Project for FY 1998-99. The proposed budget was developed to enable the TI Project to achieve the following goals in FY 1998-99:

Short Term:

- . Evaluate the complete development opportunity that Treasure and Yerba Buena Islands represent including identification of market potential, liabilities, and constraints
- . Issue Request for Qualifications/Proposals to ascertain market for Treasure and Yerba Buena Islands master developer
- . Negotiate conveyance of Treasure and Yerba Buena Islands from the Navy to the City
- . Continue to market Treasure and Yerba Buena Island facilities for film production, special events, and other approved interim uses to generate sufficient revenues to make the Treasure Island Project self-sustaining
- . Award contract to a property management firm to rehabilitate and rent Treasure and Yerba Buena Island housing
- . Negotiate and award contract for development and expansion of Clipper Cove Marina
- . Complete negotiations with SF International Airport to secure seismic retrofit of Building One and subsequent operation of aviation museum in Building 1; complete negotiations with private sector tenant for uncommitted space in Building 1
- . Complete Redevelopment Plan for Treasure and Yerba Buena Islands and amend San Francisco Master Plan to include Treasure and Yerba Buena Islands



Long Term

Develop Treasure and Yerba Buena Islands in accordance with approved plans to maximize revenues to San Francisco General Fund, create new job opportunities for San Francisco residents, increase recreational and open space facilities available to San Francisco residents, and promote the welfare and well being of the citizens of the City and County of San Francisco

Staff have established 12 TI Project cost centers and the revenues and expenditures are summarized on Table 1 (attachment 1). Staff are requesting 13 staff positions to administer the project; staff allocations among cost centers are summarized in Table 2

ATTACHMENTS:

Table 1 – Budget Summary

Table 2 – Staff Allocation



FILE NO. _____

RESOLUTION NO. _____

1 [Approval of Budget for Fiscal Year 1998-1999]
2 APPROVING THE BUDGET OF THE TREASURE ISLAND DEVELOPMENT AUTHORITY FOR
3 FISCAL YEAR 1998-1999, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO
4 SUBMIT THE BUDGET TO THE CITY'S MAYOR AND BOARD OF SUPERVISORS FOR
5 FURTHER REVIEW AND APPROVAL.

6 WHEREAS, Naval Station Treasure Island is a military base
7 located on Treasure Island and Yerba Buena Island (together, the
8 "Base"), which is currently owned by the United States of America
9 (the "Federal Government"); and,

10 WHEREAS, On May 2, 1997, the Board of Supervisors passed
11 Resolution No. 380-97, authorizing the Mayor's Treasure Island
12 Project Office to establish a nonprofit public benefit corporation
13 known as the Treasure Island Development Authority (the "Authority")
14 to act as a single entity focused on the planning, redevelopment,
15 reconstruction, rehabilitation, reuse and conversion of the Base for
16 the public interest, convenience, welfare and common benefit of the
17 inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997,
19 which amended Section 33492.5 of the California Health and Safety
20 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
21 (the "Act"), the California legislature (i) designated the Authority
22 as a redevelopment agency under California redevelopment law with
23 authority over the Base upon approval of the City's Board of
24 Supervisors, and, (ii) with respect to those portions of the Base
25 which are subject to the Tidelands Trust, vested in the Authority the

The first part of the book is devoted to a general discussion of the theory of the firm. It begins with a review of the classical theory of the firm, which is based on the assumption of perfect competition. This theory is then extended to the case of imperfect competition, where the firm has some degree of market power. The second part of the book is devoted to a discussion of the theory of the market. It begins with a review of the classical theory of the market, which is based on the assumption of perfect competition. This theory is then extended to the case of imperfect competition, where the market has some degree of market power. The third part of the book is devoted to a discussion of the theory of the economy. It begins with a review of the classical theory of the economy, which is based on the assumption of perfect competition. This theory is then extended to the case of imperfect competition, where the economy has some degree of market power. The fourth part of the book is devoted to a discussion of the theory of the firm, the market, and the economy. It begins with a review of the classical theory of the firm, the market, and the economy, which is based on the assumption of perfect competition. This theory is then extended to the case of imperfect competition, where the firm, the market, and the economy have some degree of market power.

1 authority to administer the public trust for commerce, navigation and
2 fisheries as to such property; and

3 WHEREAS, The Board of Supervisors approved the designation
4 of the Authority as a redevelopment agency with powers over Treasure
5 Island in Resolution No. 43-98, dated February 6, 1998; and

6 WHEREAS, The Authority is subject to the budgetary and
7 fiscal provisions of the City Charter and its budget is subject to
8 appropriation by the City's Board of Supervisors; and

9 WHEREAS, As provided under the Authority's Bylaws, the
10 Executive Director and the Finance Director have prepared a budget
11 for the Authority for fiscal years 1998-1999, a copy of which is
12 attached to this Resolution as Exhibit A (the "1998-1999 Budget");
13 now, therefore, be it

14 RESOLVED, That the Board of Directors of the Authority
15 hereby adopts and approves the 1998-1999 Budget and hereby directs
16 the Executive Director and the Finance Director to submit the 1998-
17 1999 Budget to the City's Mayor and Board of Supervisors for their
18 respective review and approval.



CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on May 20, 1998



[illegible][illegible]

TABLE 2 TREASURE ISLAND DEVELOPMENT AUTHORITY PROPOSED FY 1998-99 STAFF DIS

		Project	TI	YBI	TI Commercial	TI	YBI	TI	
		Administration	Spec. Events	Spec. Events	& Film Studio	Film Permits	Film Permits	Marina	
	Total	210009	210016	210017	210018	210019	210020	210021	
Personnel Costs (salaries & fringe)	1,068,516	339,650	127,758	44,392	202,361	48,371	38,919	114,190	
Budgeted Salary	Class	FTEs							
\$115,000	9399	1	0.1	0.1	0.1	0.1	0.1	0.1	
\$84,409	1374	3	0.3	0.1	0.1	1.0	0.1	0.1	
\$72,897	1372	4	1.5	0.6	0.1	0.6	0.1	1.0	
\$47,450	1366	2	0.5	0.3	0.3	1.0			
\$44,109	1365	1	1.0						
\$41,160	1364	1	0.3	0.4	0.1		0.1	0.1	
\$38,289	1363	1	1.0						
TOTAL		13	4.7	1.5	0.7	2.7	0.4	0.4	1.2

Actual salaries are based on each employee's step within employment class.



AMENDED & ADOPTED 6/17/98

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74
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1/20/98
ended
Treasure Island Development Authority
Minutes of Meeting May 20, 1998

1. Call to order: 1:10 p.m. in Room 3100 of the Ferry Building

2. Roll Call Present: John Elberling, Co-Chair
Doug Wong (1:22)
Gerald Green
Donna Provenzano
Anne Halsted
Jim Morales
Excused: Dale Carlson, Chair

3. Approval of Minutes: The minutes of April 15, 1998 were approved.

4. Resolution approving first amended and restated by-laws and increasing the number of directors from five to seven. (*Action item*)

Mr. Cohen explained that the by-laws change would increase the number of designated Directors from five to seven. In addition, to conform to Supervisor Yaki's Resolution, approved by the Board of Supervisors on April 27, 1997, several other changes are included. These include conflict of interest requirements, definition of gambling, , method of appointing Authority members, nd requirements in granting long-term leases.

Action: Mr. Morales moved approval and Mr. Green seconded the motion to adopt Item 4, passed, 4-0.

Mr. Elberling welcomed the new Directors.

5. Communications: There were none.

6. Ongoing Business by Directors There was none.

7. Introduction of New Business by Directors

There was none.

8. Report of the Executive Director

Ms. Conroy welcomed the new Directors, stated they would be excellent additions to the Authority Board, and noted that an orientation had been held for both on May 15, 1998. Ms. Conroy also mentioned that Ms. Halsted had been a member of the Re-Use Plan Committee.

Since negotiations remain underway with the Mayor's Budget Office, Ms. Conroy sought a postponement of both the financial status item of the Director's Report and Agenda Item 9, Approval of the 1998-1999 budget.

Environmental Clean-up – The contract with the John Stewart Company is dependent upon the Environmental Clean-up report for Site 12 at the northern end of Treasure Island. Ms. Conroy stated the housing units will be ready for occupancy much sooner than the original 2002 date and that a term sheet with the John Stewart Company will be scheduled for presentation at the Authority's next meeting in June. Mr. Morales asked about the extent of clean-up and how many units are affected. Martha Walters responded that site 12 consists of 900 units and that they should be ready for occupancy in August 1999.

Ms. Conroy noted that jet ski legislation which would affect Treasure Island is pending before the Board of Supervisors and that Supervisor Yaki's legislation regarding the Authority had been approved by the Board of Supervisors and signed by the Mayor.

Ms. Conroy stated that although the Job Corps had agreed to conduct programs targeting San Francisco youth, its recent RFQ does not indicate conformance with that objective. Mr. Morales noted that he, along with Congresswoman Pelosi, witnessed the commitment the Job Corps made to San Francisco. Ms. Conroy will report back on further developments.

Ms. Conroy stated that Caltrans' plans for the new East span of the San Francisco-Oakland Bay Bridge will have a devastating impact on the future development potential of Yerba Buena Island. Ms. Conroy will schedule a presentation by Caltrans at the Authority's next regular meeting in June.

Ms. Conroy asked that the painting and murals now in the hall at the Port be returned to the Museum at Building 1 at Treasure Island, where they are an important part of the island's history. Mr. Green asked for an estimate of the cost of moving the art works and a list of potential locations on Treasure Island where they would be relocated.

9. It was agreed that action on the resolution approving 1998-1999 budget for the Treasure Island Development Authority was postponed until the June meeting of the Authority.

10. Public Comment

Joan Phelan, Golden Gate Audubon Society, stated that wetlands should be included the approved plan for Treasure Island.

Jennifer Clary, San Francisco Tomorrow, asked several questions relating to environmental clean-up, the proposed jet ski ordinance and public access plans.

Matt Starr, Treasure Island, Housing Development Initiative (TIHDI), welcomed the new authority members and noted the need to focus on negotiations on the homeless services component of TIHDI's agreement with the Authority. Mr. Starr requested a standing agenda item

at each Authority meeting on the homeless assistance component. Mr. Elberling requested that such be included.

Redmond Kernan welcomed the new Authority members, asked about the Planning Department's July 11th planning session on Treasure Island and sought confirmation that presentations of proposals for the Marina would be considered by the Authority at its July meeting.

11. Adjourn

The meeting adjourned at 1:58 p.m.

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AGENDA

TREASURE ISLAND DEVELOPMENT AUTHORITY

CITY AND COUNTY OF SAN FRANCISCO

Ferry Building, Suite 3100
San Francisco, California

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JUN 12 1998

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WEDNESDAY, JUNE 17, 1998 1 PM
REGULAR MEETING

Willie L. Brown, Jr., Mayor

DIRECTORS

Dale Carlson, Chairperson
John Elberling, Vice-Chairperson
Gerald Green
Anne Halsted
James Morales
Donna Provenzano
Doug Wong

Annemarie Conroy
Executive Director
Mayor's Office Treasure Island Project

TREASURE ISLAND DEVELOPMENT AUTHORITY

Disability Access

The Treasure Island Development Authority will meet at the Port Commission office, located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission office.

For American Sign Language interpreters or use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact the Authority at (415) 274-0672 at least 72 hours before a meeting.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance [Chapter 67 of the San Francisco Administrative Code] or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Administrative Code 16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

Treasure Island Development Authority

Ferry Building, Suite 3100

June 17, 1998 – 1:00 PM

ORDER OF BUSINESS

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Ongoing Business by Directors
6. Introduction of New Business by members
7. Report of the Treasure Island Project Director Annemarie Conroy
 - Report on access policy for Treasure Island
 - Report on public use during the last month
 - Status of environmental clean up
 - Report on short term leases
240 YBI Housing Series
 - Update on progress of development plan
 - Report on implications of passage of Proposition K
8. Resolution approving TIDA budget for 1998-1999 (*Action item*)
9. Resolution approving Second Amendment to the ED T.V. Sublease (*Action item*)
10. Presentation by Caltrans on plans for new East Span of Bay Bridge
11. Public Comment
12. CLOSED SESSION

Pursuant to Sunshine Ordinance Section 67.11, the Treasure Island Development Task Force may go into Closed Session to discuss the following matters:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: Up to 660 housing units on Treasure Island and Yerba Buena Island

Persons negotiating: Annemarie Conroy, Michael Cohen, Christine Tejada

Under negotiation:

Price ____ Terms of payment ____ Both ☒

The Treasure Island Development Authority will reconvene in Public Session. Discussion and vote pursuant to Sunshine Ordinance Section 67.14 on whether to disclose action taken or discussions held in Closed Session.

13. Adjourn

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Treasure Island
San Francisco, CA 94130

Ms. Kate Wingerson
Document Library
Main Library
100 Larkin St.
San Francisco, CA 94102

ext meeting: Wednesday, July 15, 1998 at 1 p.m.

binder of supporting material is available for public viewing at the Mayor's Treasure Island Project office, 410 Palm Avenue,
) Treasure Island and at the Government Information Center reference desk, Main Library, Civic Center.



Treasure Island Development Authority

Ferry Building, Suite 3100

June 17, 1998 – 1:00 PM

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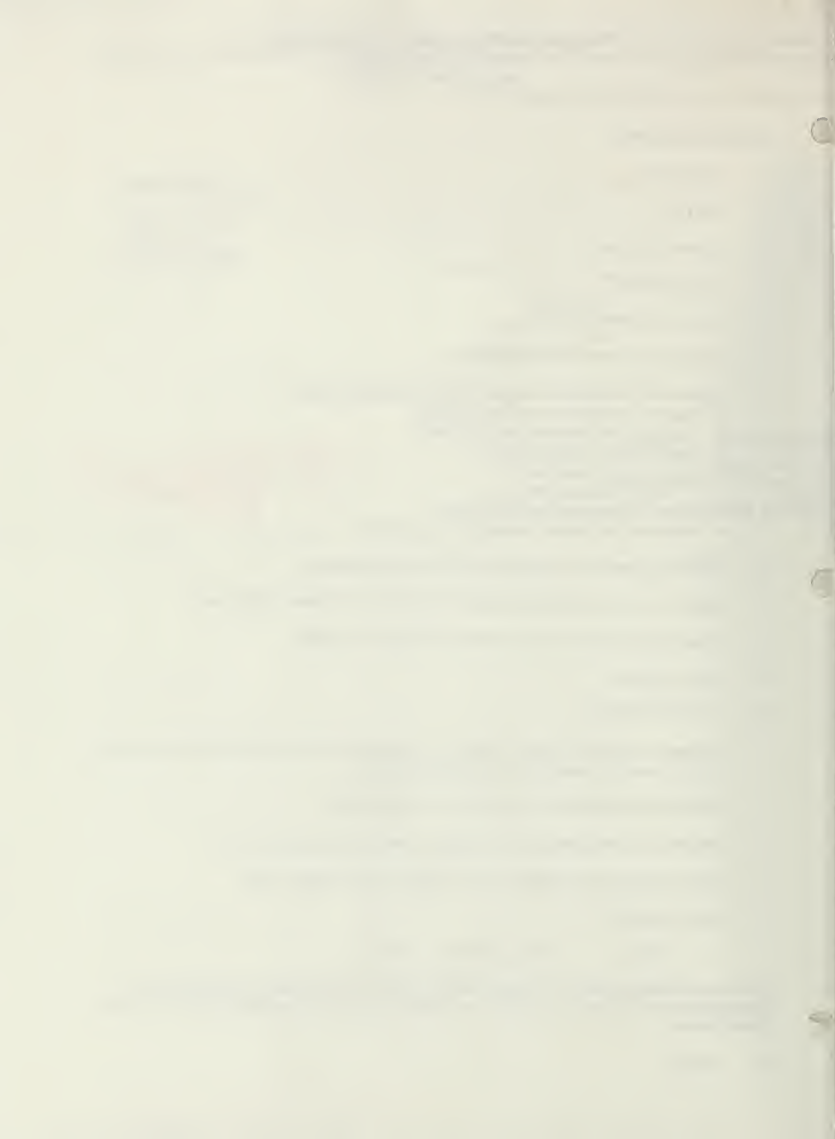
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Notes



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DRAFT

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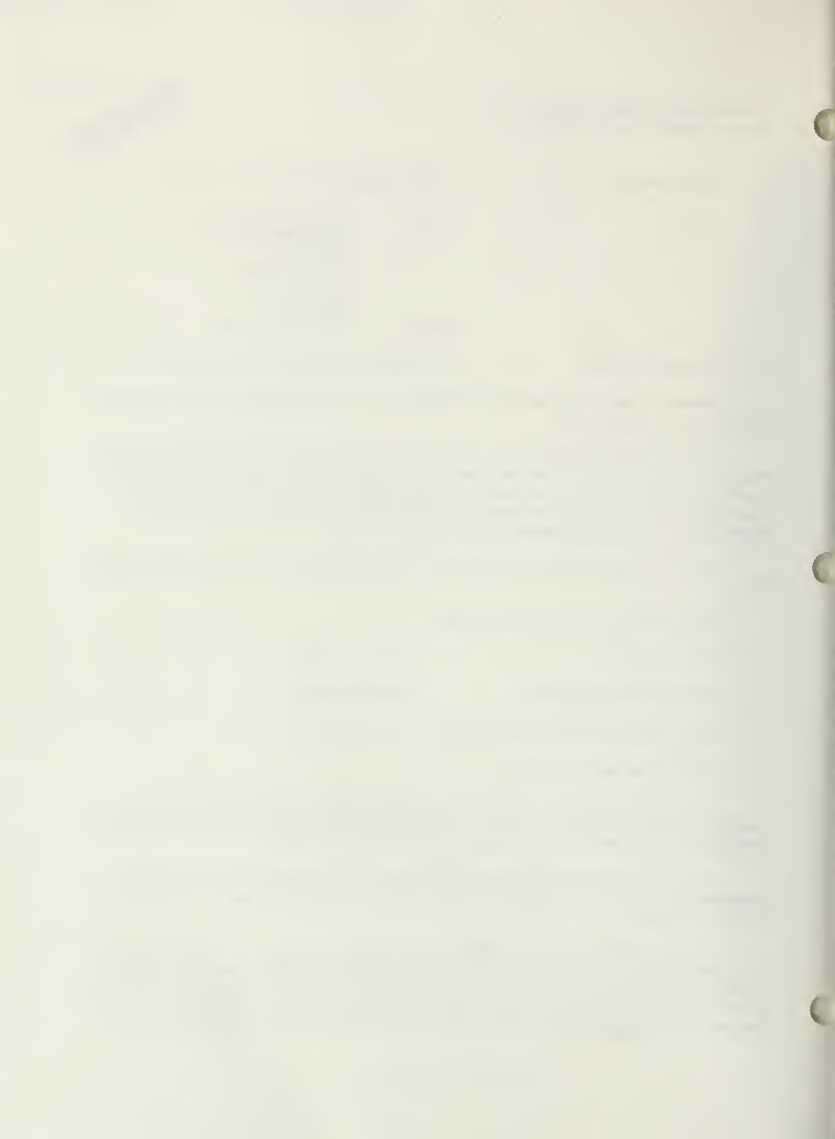
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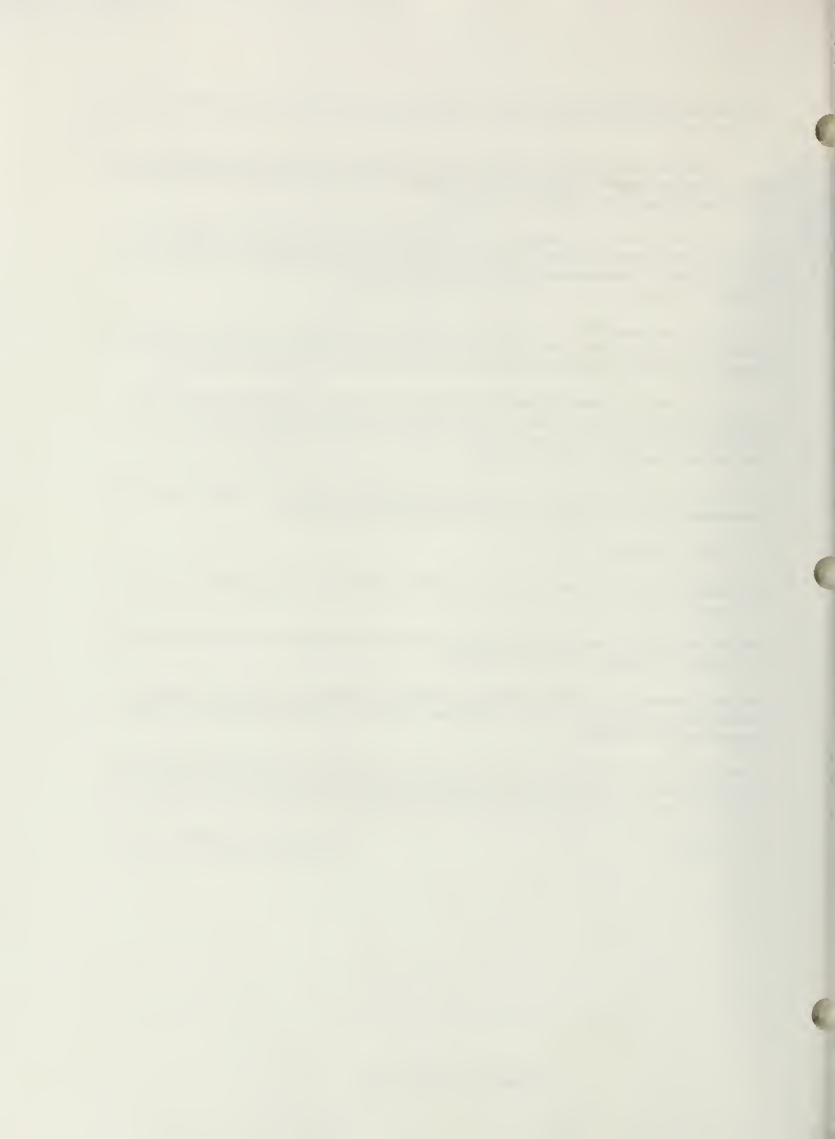
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11. Adjourn

The meeting adjourned at 1:58 p.m.





Notes

TREASURE ISLAND DEVELOPMENT AUTHORITY
LETTERS RECEIVED FROM MAY 13, 1998 TO JUNE 9, 1998

RECEIVED FROM

Ms. Eva Bovenzi

SUMMARY

Letter supporting wetlands





Notes



Notes



Notes



Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: FY 1998-1999 Budget Submission

Agenda Item No. _____
Meeting of June 17, 1998

Contact/Phone: Annemarie Conroy, Executive Director
Eila Arbuckle, Finance Manager
274-0660

SUMMARY OF PROPOSED ACTION:

Authorization to submit the FY 1998-99 budget proposal developed by TI Project staff to the Mayor and Board of Supervisors.

BACKGROUND AND DESCRIPTION OF PROPOSED ACTION:

Pursuant to the Bylaws of the Treasure Island Development Authority, TI Project staff have developed a budget to administer the TI Project for FY 1998-99. The proposed budget was developed to enable the TI Project to achieve the following goals in FY 1998-99:

Short Term:

- . Evaluate the complete development opportunity that Treasure and Yerba Buena Islands represent including identification of market potential, liabilities, and constraints
- . Issue Request for Qualifications/Proposals to ascertain market for Treasure and Yerba Buena Islands master developer
- . Negotiate conveyance of Treasure and Yerba Buena Islands from the Navy to the City
- . Continue to market Treasure and Yerba Buena Island facilities for film production, special events, and other approved interim uses to generate sufficient revenues to make the Treasure Island Project self-sustaining
- . Award contract to a property management firm to rehabilitate and rent Treasure and Yerba Buena Island housing
- . Negotiate and award contract for development and expansion of Clipper Cove Marina
- . Complete negotiations with SF International Airport to secure seismic retrofit of Building One and subsequent operation of aviation museum in Building 1; complete negotiations with private sector tenant for uncommitted space in Building 1
- . Complete Redevelopment Plan for Treasure and Yerba Buena Islands and amend San Francisco Master Plan to include Treasure and Yerba Buena Islands

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STUDENT ORGANIZATIONS: (312) 937-3333
STUDENT LEADERSHIP: (312) 937-3333

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Long Term

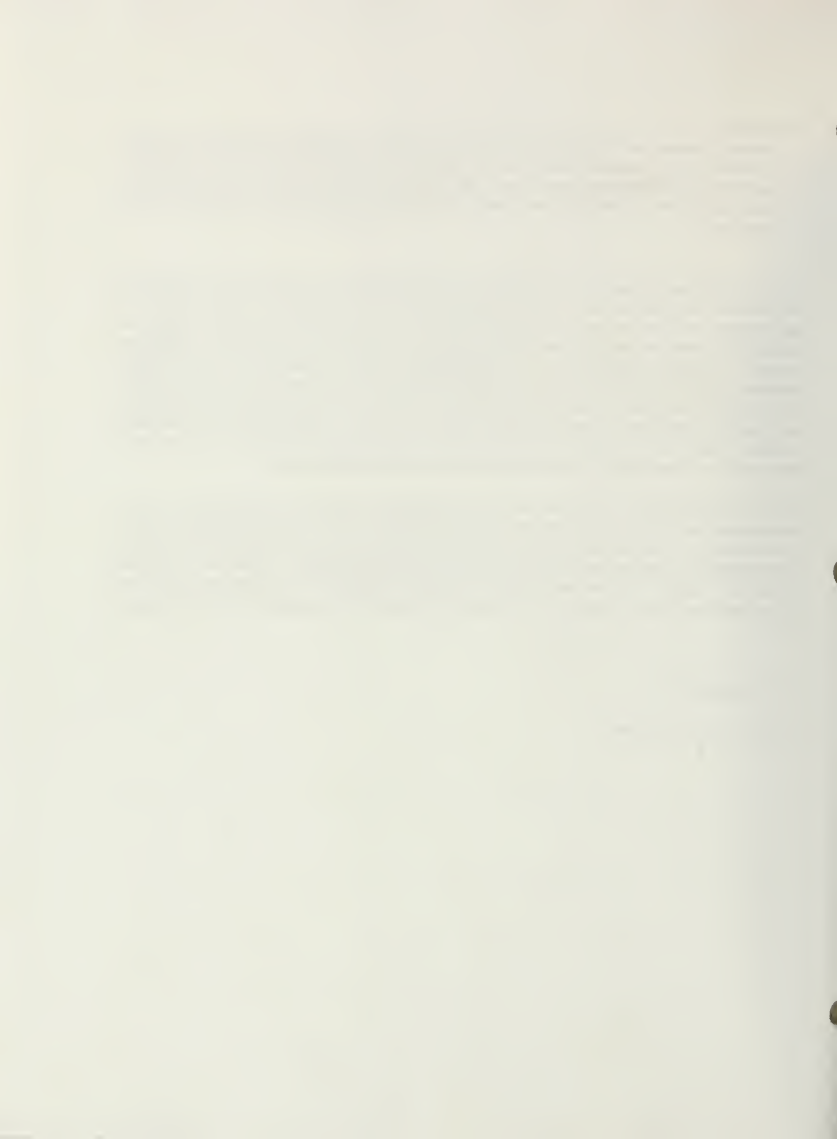
Develop Treasure and Yerba Buena Islands in accordance with approved plans to maximize revenues to San Francisco General Fund, create new job opportunities for San Francisco residents, increase recreational and open space facilities available to San Francisco residents, and promote the welfare and well being of the citizens of the City and County of San Francisco

The TI Project budget must address the Mayor's directive that the TI Project not be a burden on the General Fund and earn the revenues required to cover its expenses. Unique among City departments, the TI Project must fund basic City services such as police, fire, street cleaning and street lights; these services, plus one staff position, are funded by the Cooperative Agreement income. All other expenses must be self-financed through revenues earned from renting facilities. Following discussions with the Mayor's Budget Director and the Controller's Office, the Controller has agreed to certify that the TI Project will earn \$1.825 million in FY 1999. This certification enables the TI Project to proceed with a "bare bones" budget for FY 1999 including funding a staff of 11 persons, and preserves the opportunity to return for supplemental appropriations if the Project earns revenues in excess of the certified amount.

Staff have established 12 TI Project cost centers to enable us to track and report activities among various activities. The projected revenues and expenditures for each are summarized on Table 1 (attachment 1). Cost centers 210010, 210011, and 210012 account for Federal and State grant funds, including revenues from the City/Navy Cooperative Agreement. These cost centers are projected to support only one staff position (facilities manager), fund maintenance activities under the Cooperative Agreement, and planning activities to be performed by City Planning staff.

ATTACHMENTS:

Table 1 – Budget Summary



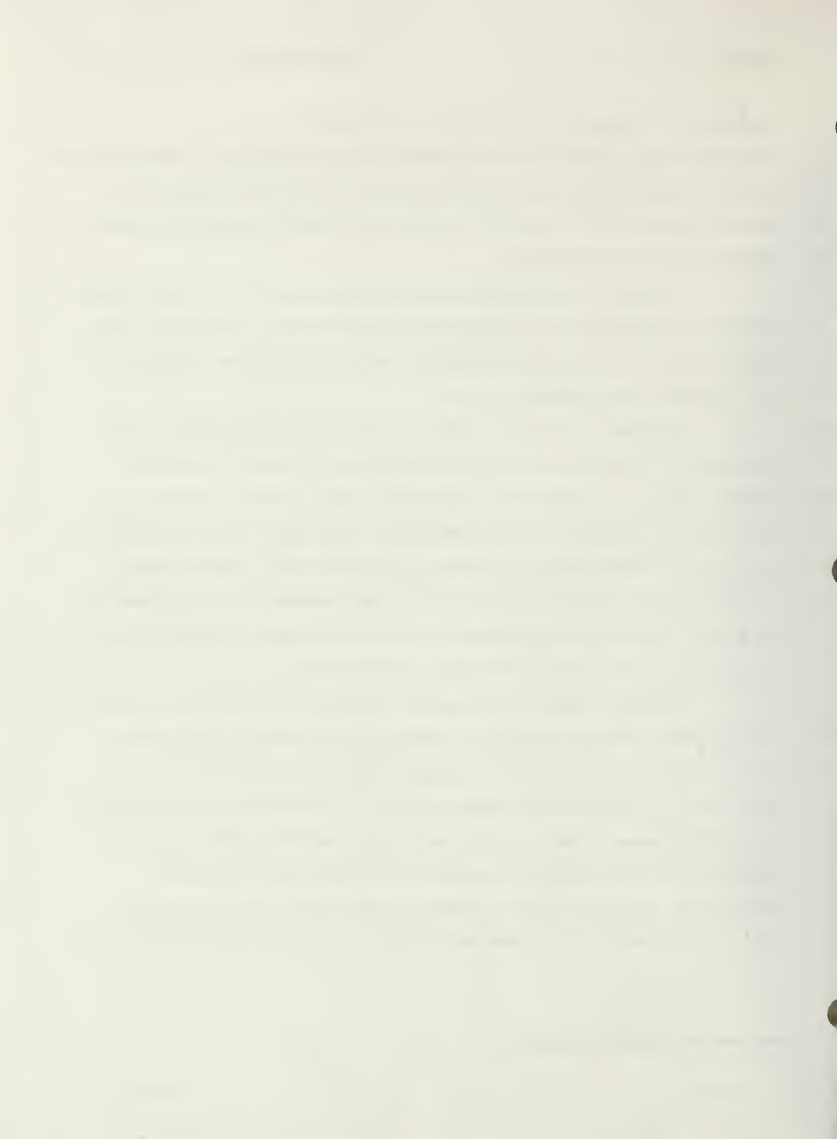
1 [Approval of Budget for Fiscal Year 1998-1999]

2 APPROVING THE BUDGET OF THE TREASURE ISLAND DEVELOPMENT AUTHORITY FOR
3 FISCAL YEAR 1998-1999, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO
4 SUBMIT THE BUDGET TO THE CITY'S MAYOR AND BOARD OF SUPERVISORS FOR
5 FURTHER REVIEW AND APPROVAL.

6 WHEREAS, Naval Station Treasure Island is a military base
7 located on Treasure Island and Yerba Buena Island (together, the
8 "Base"), which is currently owned by the United States of America
9 (the "Federal Government"); and,

10 WHEREAS, On May 2, 1997, the Board of Supervisors passed
11 Resolution No. 380-97, authorizing the Mayor's Treasure Island
12 Project Office to establish a nonprofit public benefit corporation
13 known as the Treasure Island Development Authority (the "Authority")
14 to act as a single entity focused on the planning, redevelopment,
15 reconstruction, rehabilitation, reuse and conversion of the Base for
16 the public interest, convenience, welfare and common benefit of the
17 inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997,
19 which amended Section 33492.5 of the California Health and Safety
20 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
21 (the "Act"), the California legislature (i) designated the Authority
22 as a redevelopment agency under California redevelopment law with
23 authority over the Base upon approval of the City's Board of
24 Supervisors, and, (ii) with respect to those portions of the Base
25 which are subject to the Tidelands Trust, vested in the Authority the



1 authority to administer the public trust for commerce, navigation and
2 fisheries as to such property; and

3 WHEREAS, The Board of Supervisors approved the designation
4 of the Authority as a redevelopment agency with powers over Treasure
5 Island in Resolution No. 43-98, dated February 6, 1998; and

6 WHEREAS, The Authority is subject to the budgetary and
7 fiscal provisions of the City Charter and its budget is subject to
8 appropriation by the City's Board of Supervisors; and

9 WHEREAS, As provided under the Authority's Bylaws, the
10 Executive Director and the Finance Director have prepared a budget
11 for the Authority for fiscal years 1998-1999, a copy of which is
12 attached to this Resolution as Exhibit A (the "1998-1999 Budget");
13 now, therefore, be it

14 RESOLVED, That the Board of Directors of the Authority
15 hereby adopts and approves the 1998-1999 Budget and hereby directs
16 the Executive Director and the Finance Director to submit the 1998-
17 1999 Budget to the City's Mayor and Board of Supervisors for their
18 respective review and approval.



CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on May 20, 1998

[illegible][illegible]



AGENDA ITEM
Treasure Island Development Task Force
City and County of San Francisco

Subject: “ED TV” Agenda No. 9

Contact Person/Phone: Christine Tejada / 274-0662 Meeting Date 6/17/98

SUMMARY OF PROPOSED ACTION:

Recommendation the Mayor's Treasure Island Project Office proceed with the Second Amendment to the Universal Sublease for "EdTV".

BACKGROUND AND DESCRIPTION OF PROPOSED ACTION:

Mayor's Treasure Island Project Office entered into a Sublease dated November 7, 1997 for the use and occupancy by Universal City Studios, Inc. for the use of Building 3 on Treasure Island for the production of "Patch Adams" a Robin Williams feature film. Universal and the Project Office then entered into a First Amendment to that Sublease, dated March 1, 1998 to expand into Building 180 on Treasure Island for the filming of a Ron Howard production, "EdTV". Since that later production did not utilize all of the portions of Building 180 originally described, Universal requested a Second Amendment to include only a portion of Building 180 from March 31, 1998 to May 1, 1998.

ATTACHMENT: Second Amendment to the Sublease between the City and County of San Francisco and Universal for "EDTV" for Building 180.

1 [Amendment to Film Production Sublease]

2 AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A SECOND AMENDMENT
3 TO SUBLEASE WITH UNIVERSAL STUDIOS REGARDING THE USE OF BUILDING 180
4 ON TREASURE ISLAND.

5 WHEREAS, On May 2, 1997, the Board of Supervisors passed
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island
7 Project Office to establish a nonprofit public benefit corporation
8 known as the Treasure Island Development Authority (the "Authority")
9 to act as a single entity focused on the planning, redevelopment,
10 reconstruction, rehabilitation, reuse and conversion of former Naval
11 Station Treasure Island (the "Base") for the public interest,
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14 WHEREAS, Under the Treasure Island Conversion Act of 1997,
15 which amended Section 33492.5 of the California Health and Safety
16 Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968
17 (the "Act"), the California legislature (i) designated the Authority
18 as a redevelopment agency under California redevelopment law with
19 authority over the Base upon approval of the City's Board of
20 Supervisors, and, (ii) with respect to those portions of the Base
21 which are subject to the Tidelands Trust, vested in the Authority the
22 authority to administer the public trust for commerce, navigation and
23 fisheries as to such property; and

24 WHEREAS, The Tidelands Trust prohibits the sale of trust
25 property into private ownership, generally requires that Tidelands



1 Trust property be accessible to the public and encourages public-
2 oriented uses of trust property that, among other things, attract
3 people to the waterfront, promote public recreation, protect habitat
4 and preserve open space; and

5 WHEREAS, On November 7, 1997, the City and County of San
6 Francisco, acting by and through its Treasure Island Project Office,
7 and Universal Pictures, a division of Universal City Studios, Inc.
8 ("Subtenant"), entered into a Sublease, dated November 7, 1997 (the
9 "Original Sublease"), for the use and occupancy by Subtenant of
10 Building 3 located on Treasure Island Naval Station; and,

11 WHEREAS, the City and Subtenant entered into a First
12 Amendment to the Original Sublease, dated March 1, 1998 (the "First
13 Amendment"), which provided for Subtenant's expansion into certain
14 portions of Building 180; and,

15 WHEREAS, Subtenant did not utilize all of the portions of
16 Building 180 described in the First Amendment; and,

17 WHEREAS, Subtenant has requested that the Authority agree
18 to an amendment to the Original Lease, as amended by the First
19 Amendment, in substantially the form of the Second Amendment to
20 Sublease filed with this Resolution (the "Second Amendment") to
21 establish the rent for the period from March 31, 1998 through May 1,
22 1998 at Fifteen Thousand Dollars (\$15,000), which rent represents the
23 fair market value of the portion of the premises actually used by
24 Subtenant; now, therefore, be it
25

RESOLVED, That the Board of Directors of the Authority hereby approves the Second Amendment and authorizes the Executive Director to execute and enter into the Second Amendment on behalf of the Authority.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on June 17, 1998.

John Elberling, Secretary



SECOND AMENDMENT TO SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

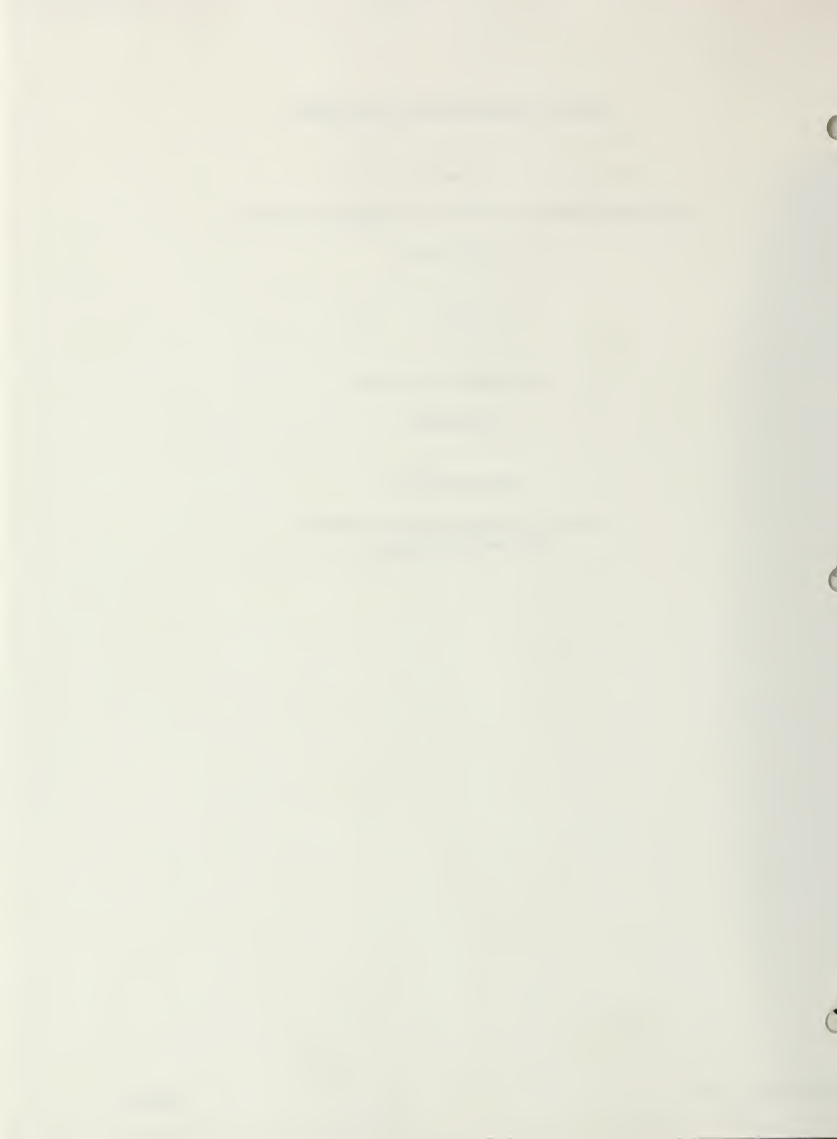
and

UNIVERSAL PICTURES

as Subtenant

For the Sublease of

**Buildings 3 and 180 at Treasure Island
San Francisco, California**



FIRST AMENDMENT TO TREASURE ISLAND SUBLEASE

THIS SECOND AMENDMENT TO SUBLEASE (the "Amendment"), dated as of May __, 1998, is by and between the Treasure Island Development Authority, successor in interest to the City and County of San Francisco, ("Sublandlord") and Universal Pictures, a division of Universal City Studios, Inc. ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. Sublandlord and Subtenant entered into that certain Sublease, dated _____, 1997 for the use and occupancy by Subtenant of Building 3 located on Treasure Island Naval Station (the "Original Sublease", and together with and as amended by the First Amendment and this Second Amendment, the "Sublease"), together with a non-exclusive right to use certain parking east of Building 3, but no other, all as more particularly shown on Exhibit B attached to the Original Sublease (the "Original Premises").

B. Sublandlord and Subtenant entered into that certain First Amendment to the Original Sublease, dated _____, 1998 (the "First Amendment") for Subtenant's expansion into certain portions of Building 180.

C. Sublandlord and Subtenant desires to further amend the Original Sublease, as amended by the First Amendment, to reflect the fact that Subtenant did not utilize all of the premises described in the First Amendment.

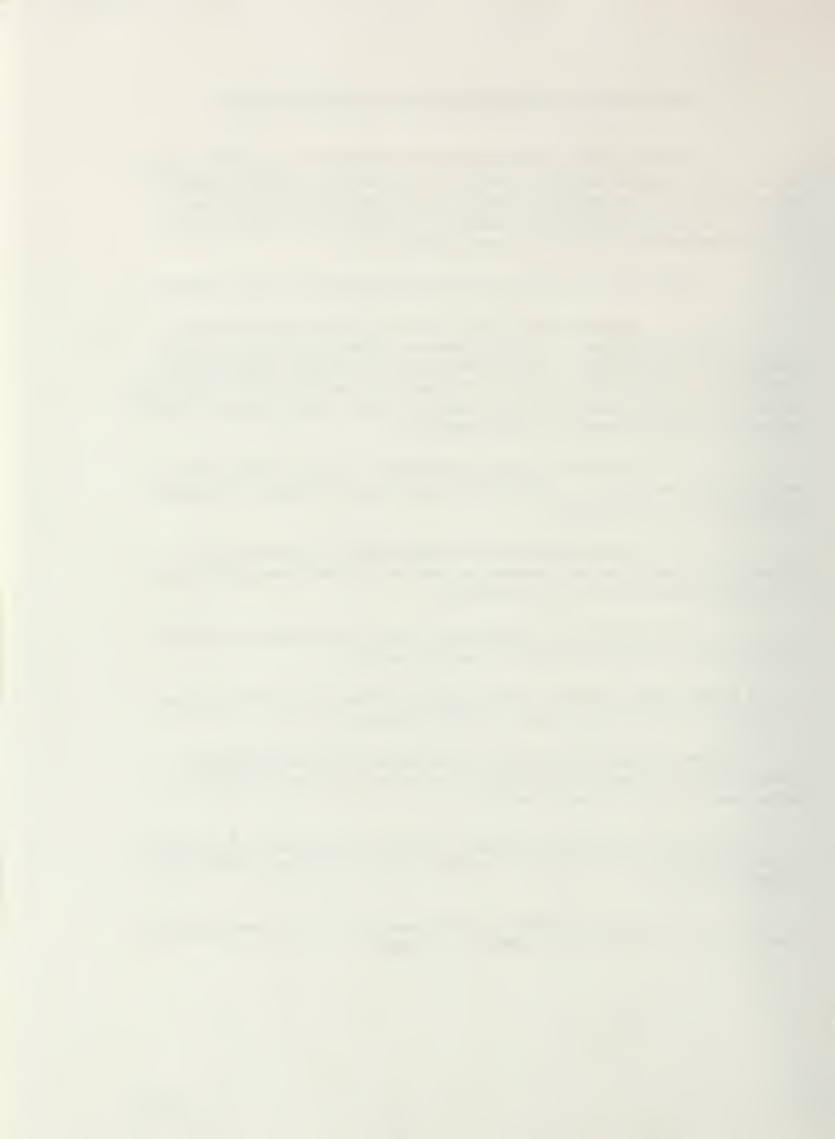
NOW THEREFORE, Sublandlord and Subtenant hereby agree to amend the Original Sublease, as amended by the First Amendment, as follows:

1. Defined Terms. Capitalized terms not separately defined herein shall have the same meaning provided in the Original Sublease or the First Amendment.

2. Expansion Premises. From March 31, through May 1, 1998, the Premises shall include only the northern portion of Building 180, as more particularly shown on Exhibit A to the First Amendment (the "Expansion Premises").

3. Base Rent for the Expansion Premises. In addition to any and all Rent due under the Original Sublease for the Original Premises, Subtenant shall pay the following as Base Rent for the Expansion Premises:

a. For the period from March 31, 1998 through May 1, 1998 Subtenant shall pay Sublandlord the amount of Fifteen Thousand Dollars (\$15,000).



4. Terms and Conditions of Original Agreement Remain in Force and Effect. Except as specifically amended hereby, the terms and conditions of the Original Sublease, as amended by the First Amendment, shall remain in full force and effect.

5. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Sublandlord and Subtenant have executed this Amendment as of the date first written above.

SUBTENANT:

Universal Pictures, a division of Universal City Studios, Inc., a California corporation

By: _____

Its: _____

SUBLANDLORD:

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By: _____

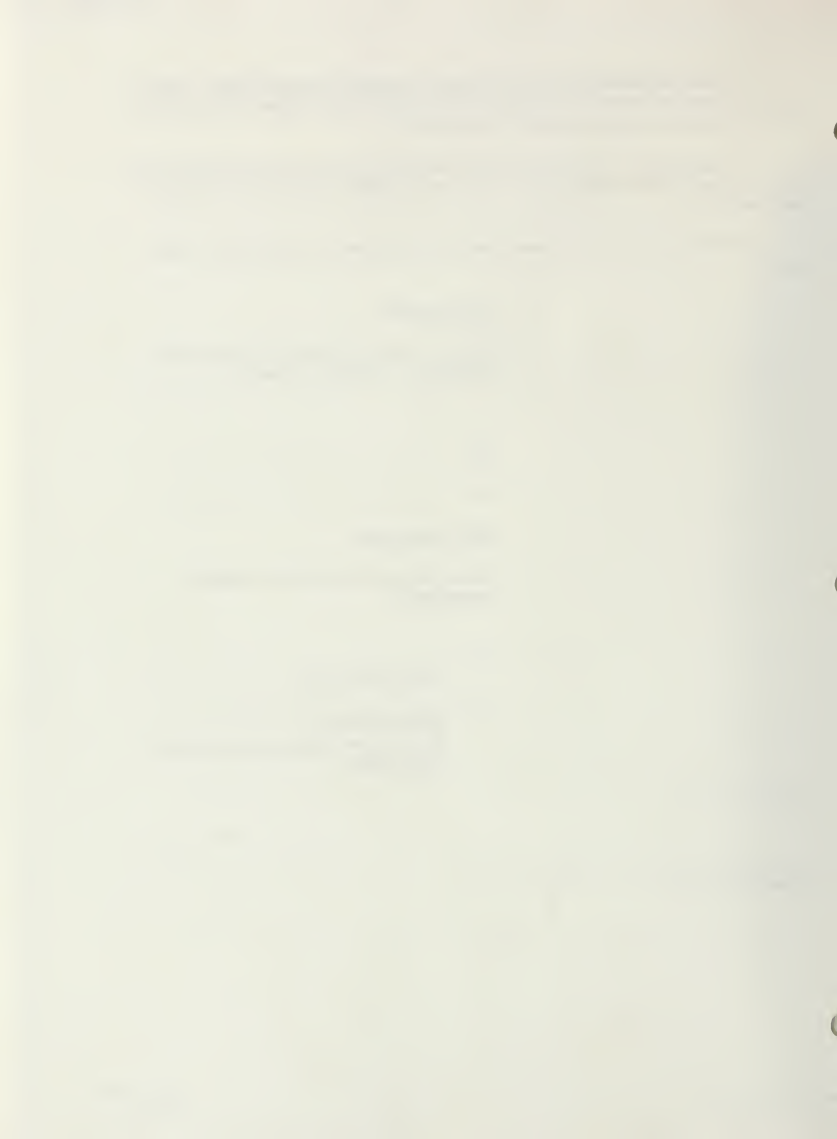
Annemarie Conroy

Its: _____

**Executive Director
Treasure Island Development Authority
Project Office**

Approved as to Form:

Deputy City Attorney





Notes



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774
2
17/98

Treasure Island Development Authority
Minutes of the Meeting June 17, 1998

1. Call to Order: 1:19 p.m. in Meeting Room,
Port of San Francisco, Ferry Building

2. Roll Call: Present: Dale Carlson, Chair
John Elberling, Co-Chair
Gerald Green
Donna Provenzano
Anne Halsted

DOCUMENTS DEPT.
JUL 20 1998
SAN FRANCISCO
PUBLIC LIBRARY

Excused: Doug Wong
James Morales

3. Approval of Minutes: The minutes of May 20, 1998 were approved with the following correction: Under Public Comment, Matt Starr noted that he had requested that a standing agenda item at each Authority meeting on the homeless assistance component and that Mr. Elberling had asked that such be included.

4. Communications

Executive Director Annemarie Conroy reported that she had received a Public Records Act request from Senator Quentin Kopp. Joan Rummelsburg reported that one letter had been received supporting wetlands on Treasure Island.

5. Ongoing Business by Directors

6. Introduction of New Business by members

Ms. Conroy reported that Supervisor Leland Yee had introduced legislation relating to the passage of Proposition K. Mr. Carlson asked what is contained in the legislation and City Attorney Cohen responded that its provisions are nearly an identical recital of provisions contained in Proposition K. The legislation requires the repeal of two ordinances approved by the Board of Supervisors including the establishment of TIDA as a non-profit organization. Mr. Carlson asked how Proposition H applies to Proposition K. Mr. Cohen responded that there are two requirements of note in Proposition H that may be applied to Proposition K. First, before any development can occur along the shoreline, a plan must be approved. Second, Proposition H prohibits certain types of development along the shoreline. Since the framers of Proposition H did not specifically include Treasure Island in the ordinance, it is unclear how Proposition K should be applied to Treasure Island. If the intent of the framers of Proposition K is to protect the shoreline band around Treasure Island, it can be argued that BCDC regulations and provisions of the reuse plan already provide such protection. Mr. Carlson asked if there was anything in Supervisor Yee's legislation, aside from the repeal of the two ordinances, that has

not been previously adopted by the Board of Supervisors. Mr. Cohen responded that all other matters had been addressed.

7. Report of the Treasure Island Project Director Annemarie Conroy

Ms. Conroy reported that she felt it necessary to start the Executive Director's report responding to the concerns of a member of the Authority who made several suggestions in a letter. These included accusations that important issues have not been addressed, allegations of mismanagement and other insinuations which she found personally and professionally offensive. Ms. Conroy stated that she wanted to detail the situation which she encountered when she assumed the position of Executive Director and to describe the actions she has taken to remedy the conditions.

Ms. Conroy stated that when the Mayor recruited Ms. Conroy for the position, he informed Ms. Conroy that the former director's management was deficient and unsatisfactory in several areas. In the area of financial management, Ms. Conroy reported the project lacked the most elementary controls and procedures to administer a \$6 million budget and to enable San Francisco to capture the tremendous opportunities that Treasure and Yerba Buena Islands represent. These included the failure to keep records of expenditures or revenues or to establish procedures to apply for federal or state grants. Ms. Conroy gave a detailed list of specific deficiencies and actions of the former Executive Director. Ms. Conroy enumerated the remedial actions she has taken including review of contracts and establishment of accountability procedures for vendors. She has identified possible grant funding. Ms. Conroy has reviewed the Cooperative Agreement with the U.S. Navy and determined that \$4 million is not enough to provide services or recoup the project's expenses. She found little or no record of disposition of inventory left by the Navy for use on Treasure Island. Similarly, little or no record of maintenance or rehabilitation activities for structures exists. In administering the project's caretaking responsibilities, she found a lack of accountability for services of city departments and many repair problems. Since she has assumed the Executive Directorship, Ms. Conroy has requested an evaluation of infrastructure needs, has assisted with the negotiation of the WAPA allocation, is addressing Job Corps issues, working with the Sheriff's office, and the School District. She has elevated staff morale and instituted city staff meetings, investigated the establishment of an enterprise zone for the movie industry and will start work on the issuance of an RFQ for a master developer.

In terms of public access, Ms. Conroy reported that she had requested the Finance Director to determine the cost of permitting unrestricted access to Treasure Island prior to its being populated and to report her findings at the next Authority meeting. Costs will include additional police and fire protection to deter vandalism, replacement of broken windows, additional signage, public toilets, ADA upgrades and improved ferry access.

Regarding recent public access, Ms. Conroy listed numerous recent and planned events such as weddings and small parties held by individuals and organizations. Community oriented activities have included items such as Gaelic Athletic Association sporting events, photography, American Society of Aging gathering, an open swim from Clipper Cove, personalized tours to veterans, an Easter Egg Hunts which drew hundreds of people to several venues on the islands.

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY

REPORT OF THE
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UNIVERSITY OF CHICAGO
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PUBLISHED BY THE UNIVERSITY OF CHICAGO PRESS
CHICAGO, ILL., 1901

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Future events may include a large Labor Day picnic from the San Francisco Labor Council, the X Games, Blues Festival, Black Family Reunion, Pickle Family Circus.

Ms. Conroy requested that Martha Walters update Authority members on the status of environmental clean-up. Ms. Walters stated that she had been working with the Navy in several areas and that she was working with the Department of Public Works on an RFP to select an environmental consultant to assist on two projects. The RFP will be issued later this month or early July with the contractor selected August or early September. Mr. Carlson asked for the scope of services and Ms. Walters replied that she is seeking comments on work plans for Site 12 sampling and the review of comments on off-shore investigation.

Ms. Conroy also reported that a portion of 240 YBI housing series had been leased to a group participating in the Lantern Festival and were occupied by acrobats and artists from Beijing.

Ms. Conroy stated that at the next meeting in July she will bring a report on the status of the development plan to the Authority. She indicated on a map of Treasure and Yerba Buena islands that several areas on both islands were not available for development in the next several years. This included 35 acres occupied by the Job Corps on Treasure Island and a large portion of Yerba Buena Island which will be used as a base for construction for the new East Span of the Bay Bridge for the next five to 10 years and the fire training school, the brig and waste treatment area and other areas under control of city departments. Other buildings need extensive work. Ms. Conroy stated that due to these limitations, housing will be the financial engine and that the Authority must pay close attention to the population mix and type of housing. What remains is the film industry which brings substantial revenues.

Regarding the implications of Proposition K on the Authority, Mr. Cohen stated because Proposition K is advisory to the Board of Supervisors, it is not self-executing. Mr. Cohen stated that almost every provision in the measure has already been adopted by the Board of Supervisors. The Authority's powers and authority remain unless the Board of Supervisors decides to act otherwise. Mr. Carlson asked if provisions 2 to 9 apply to the Authority or to Treasure Island in general. Mr. Cohen responded that they apply to Treasure Island by their terms, but that by inference, they would also apply to the Authority.

Mr. Green asked what the Authority was doing to publicize the availability to the public of Treasure Island's facilities. Ms. Conroy responded that the access and marketing plans which will be considered by the Authority in the future will address that issue more fully. In the interim, several documents had been circulated to the public about the facilities.

8. Resolution approving the TIDA budget for 1998-1999 (*Action item*)

Ms. Eila Arbuckle, Director of Finance, presented a summary of the budget. She stated that the budget was developed within three constraints: 1) Conservative projections of revenues and liberal projections of expenses to assure that General Fund monies are not used for the Treasure Island Project, 2) the Tidelands Trust which requires that revenues earned from TI activities be spend on Treasure island in accordance with the provisions of the Trust, 3) and the

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DEPARTMENT OF THE HISTORY OF ARTS
AND ARCHITECTURE

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AND ARCHITECTURE

need to maximize flexibility to respond quickly to unanticipated activities. She reported that projections were based on 12 cost centers and that projected revenues total \$6,600,000 for the next fiscal year, \$4.3 million in federal and state grants and \$1.825 million in earned income, including \$1.1 million from commercial and film studio rentals and \$240,000 from special events. These are the maximum revenue projections that the Controller would certify at this time. Ms. Arbuckle stated that she anticipates that the Authority will return to the Board of Supervisors for a supplemental appropriation. The Project's largest expenses are related to caretaker responsibilities, primarily the provision of City services to Treasure and Yerba Buena islands. Ms. Arbuckle stated that the Treasure Island Project is unique among City departments in that it must pay the City for services for which other departments are not required to pay. The budget includes a staff of eleven who, except for one, are paid from facility rentals. Ms. Arbuckle enumerated a work program with nine short term objectives which will assist in the completion of the City's and the Authority's long term goals for Treasure Island. Ms. Halsted asked if the budget needed to be approved that day. The response was "yes". Mr. Green asked the reaction of the Board of Supervisor's Budget Analyst to the proposed budget and Ms. Arbuckle replied that Mr. Rose sought more information about \$46,000 in proposed expenditures. Ms. Arbuckle stated that the information will be provided to Mr. Rose regarding his concerns.

Mr. Elberling asked why no revenues were listed under project administration. Ms. Arbuckle responded that no revenues were attributed to that category and that funds for project administration were designated under several of the remaining 11 cost centers.

Mr. Carlson asked what specific services were covered under "professional and specialized services". Ms. Arbuckle responded that the category included a range of services for which the Authority will be negotiating and which include janitorial, financial analysis and engineering. She added that \$200,000 may not realistically be enough to fund the full range of necessary services. Mr. Elberling asked about \$305,000 charged to the Navy agreement and Ms. Arbuckle replied that the amount is for landscaping services which are reimbursable under the Cooperative Agreement.

Mr. Elberling asked for a schedule of contracts for professional services which would include the name of the contractor, the type of service, the terms and length of the contract. Ms. Arbuckle agreed to furnish the information.

Mr. Carlson asked if the Authority had retained a consultant to complete an application for an economic conveyance agreement with the Navy. Ms. Conroy reported that an RFQ was being prepared for the work.

Mr. Carlson asked about the development of an RFP for Casa de la Vista, the restaurant. Ms. Conroy responded that this was an issue that would be considered by the Authority next month as part of the development plan and that for the present, since Treasure Island has no residents, no ferry and limited public access, there would be few people served by a restaurant. These circumstances may cause developers to offer too little for the unique facility. The Authority may not receive responses reflecting its potential value.

Ms. Conroy also added that the TIHDI agreement was also under review.
Moved by Ms. Provenzano, seconded by Ms. Halsted to adopt item 8, passed 5-0.

9. Resolution approving Second Amendment to the Ed TV Sublease (*Action Item*)

Ms. Conroy reported that Ed TV, a production company, had used only half the hangar they rented the last month of their lease. Since they have been excellent tenants, staff wanted to accommodate them. Mr. Carlson asked the cost of this amendment and Ms. Conroy replied \$10,000, a one-time cost.

Moved by Mr. Green, seconded by Ms. Halsted to adopt item 9, passed 5-0.

10. Presentation by Caltrans on plans for new East Span of Bay Bridge

Ms. Conroy stated that immediately after she assumed the position of Executive Director, she discovered the impact of the project on Treasure and Yerba Buena islands. For that reason she asked Caltrans to present plans for the new East Span. Ms. Provenzano asked if the proposed value of development on Yerba Buena Island had been determined and Ms. Conroy responded that she had hired EPS to perform such valuation and added that the bridge will be devastating to San Francisco's reuse plan. Ms. Halsted asked about the approval process and Ms. Conroy responded that MTC will make its decision on June 24th.

Mr. Steven Hulsebus, Caltrans engineer, stated that the purpose of the new project is seismic safety. Currently, Caltrans is evaluating five alternatives in EIS with M6 currently being recommended by the Bay Bridge Task Force of MTC. Mr. Hulsebus showed several slides and a model showing the preferred design, detour alternatives and sequence of construction. He stated that the duration of the detours is 20 months from their initial construction to their dismantling. Traffic would use the detours from nine to 12 months. Construction is projected to start in early 2000 and will take four years to complete.

Mr. Hulsebus stated that the contractor(s) would need to use the eastern half of Yerba Buena Island for most of that construction period and that ramp and road closures would maintain access in all directions at all times. Some roads on YBI would be closed at times.

In discussing the detours, the south-south detour is not feasible because the bridge would have to be closed for unknown times. Mr. Green asked about bridge ramps and Mr. Hulsebus responded that Caltrans will reconstruct just the eastbound on-ramp to full freeway standards. The remaining existing ramps are attached to parts of the bridge which will not have to be removed. Since reconstruction of the ramps do not involve seismic safety, several federal agencies decided that replacement of the ramps is not part of this project. They are also not funded and have no environmental documentation. Mr. Green stated that if the ramps are constructed after the new East Span is built that Yerba Buena Island will be subjected to prolonged construction. Mr. Carlson asked how much it would cost to replace the ramps to Caltrans standards and Mr. Hulsebus replied that estimates indicate approximately \$35 million.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
JANUARY 1950
TO THE DIRECTOR, UNIVERSITY OF CHICAGO
FROM THE DEPARTMENT OF CHEMISTRY
SUBJECT: [Illegible]

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Mr. Hulsebus stated that Caltrans and FHWA would be releasing a federal EIS document in September and indicated that the project is exempt from CEQA. Mr. Elberling asked whether any of the historic buildings were going to be demolished and Mr. Hulsebus stated that that was not the intent so that the answer is no. Mr. Green stated that the structures will be harmed by building the bridge and detours directly above them. Mr. Green asked if those impacts would be considered in the EIS. Mr. Hulsebus stated that although construction would occur above it, the torpedo factory should be usable. Ms. Halsted told Mr. Hulsebus that Caltrans should be consulting the islands' reuse plan for impacts on YBI. Mr. Hulsebus concluded his presentation by emphasizing the importance of the Bay Bridge to the Bay Area.

Ms. Conroy then showed to Authority members transparencies based on the Navy's Kenn Parsons' depictions of the bridge's impacts on the YBI, directly corresponding to the reuse plan. The Nimitz House, the Great Whites, the high-end conference center and the live-work studios would be eliminated. Ms. Conroy stated that since the Tidelands Trust restriction is not imposed on YBI, development on YBI should attract more opportunity for revenue.

Mr. Hulsebus explained that on June 24th MTC will be making a decision on the locally preferred recommendation (a statement of the Bay Area's preference) including the amenities and whether to extend for two more years the \$1.00 additional toll. The environmental process is separate and will require Caltrans and the Federal Highway Administration to construct the alternative that is least environmentally damaging. Ms. Halsted asked if the Authority had an opportunity to comment and Mr. Hulsebus stated that there is always opportunity for public comment. Mr. Elberling asked about the City's position on the project and Ms. Conroy responded with a chronology of correspondence.

Mr. Carlson asked if Caltrans needed permission from the Navy and Ms. Conroy stated that the Navy has given permission. Mr. Hulsebus stated that after the EIS is approved, Caltrans will approach each property owner to seek permission for construction and that its intent was to return the property in its original condition. Mr. Carlson asked if property owners are compensated for the use of the property during construction and Mr. Hulsebus stated that he could not answer this question and that it was a question for Caltrans' right-of-way and real estate staff. Mr. Cohen reported that the City Attorney's office will examine a variety of issues including taking and environmental impact issues. Mr. Carlson asked which agency would select the least damaging alternative and Mr. Hulsebus stated that FHWA has a substantial role in the decision. Mr. Hulsebus emphasized that Caltrans has completed just 30% of the design. Mr. Carlson noted the large number of proposed pilings.

Ms. Halsted asked why MTC and its committees did not select the southern alignment. Mr. Hulsebus stated that Caltrans initially favored a southern alignment. However, MTC selected the northern alignment. Mr. Green asked if the Port of Oakland objected to the southern alignment because of potential effects on Bay shipping lanes. Mr. Elberling asked if designs with fewer pilings had been considered.

Redmond Kernan, a member of the public, commented that he had understood ramps were being brought up to standard as part of project. He stated that he is disappointed and reported that the existing ramps are unsafe for traffic and should be brought up to standard.

Barry Hermanson, a member of the public, asked if the ramps will become City property when the YBI is conveyed to the City by the Navy. He inquired if the ownership of ramps by local governments is commonplace. Mr. Hulsebus responded that ramps usually becomes state owned. Mr. Carlson asked Mr. Hulsebus if he knew any instances where a city owned the ramps and Mr. Hulsebus answered that he knew of none but would obtain a more definitive answer for Mr. Carlson.

Edith Block, Arc Ecology, asked why Caltrans has not requested a public benefit conveyance for the lands so San Francisco will not pay for the land. Ms. Block stated that Caltrans should seek ownership of land and ramps.

Mr. Green asked if the Authority's comments will be made known to MTC. Mr. Green stated that it would be desirable to urge MTC to slow down the selection and to give additional consideration of southern crossing. Ms. Conroy stated that a letter would be prepared for Mr. Carlson's signature with such comments.

11. Public comment

Ben Lubon, stating that inner-city children love Treasure Island and that this year liability issues have limited children from using areas outside Treasure Island School. Ms. Conroy replied that next year the City will leasing directly to the school district, allowing the school more flexibility. The project will also furnish additional playground equipment.

Donna Feingold, Executive Director of Toolworks, expressing surprise with the Executive Director's report.

Matt Starr, TIHDI, seeking clarification and confirmation that none of the 375 units noted in the TIHDI agreement are included in the 660 units, especially those in the 1400 series, that are the subject of closed session negotiations. Mr. Carlson stated that there will be no closed session. Mr. Starr added that he was looking forward to working with the Executive Director to address issues related to the homeless component and to develop strategies to work together.

Redmond Kernan, asking about scheduling for marina proposal. Ms. Conroy responded that presentations are still scheduled for July.

Mr. Carlson stated that executive session will not be held and will be rescheduled.

13. Adjourn.

The meeting adjourned at 3:46 p.m.

